

PLO breaks Shi'a siege

IRUT (AP). — Palestinian guerillas broke through the ranks of a militia besieging them in a refugee camp yesterday to free three key high-rise apartment blocks from which they poured fire on the attackers' flanks. Police said people were killed yesterday, adding the toll in the two days of a-Palestinian fighting to at least killed and 637 wounded.

As squads of Palestinian fighters veiled Shi'a Amal militiamen out of 10-storey hill-top buildings outside the Sabra camp in West Beirut, fierce hand-to-hand fighting, at leader Nabih Berri yesterday said his warning that Palestinian guerrillas would not be permitted to use South Lebanon as a base for attacks on Israel, Israeli radio said night, citing Lebanese radio stations.

Amman, meanwhile, PLO leader Yasser Arafat yesterday called on Arab governments to intervene and stop attacks on the Beirut. A PLO spokesman said he is the appeal at a meeting with heads of Arab diplomatic missions based in Amman.

Darkness fell on the second day of fighting, both sides pounded each other.

Israeli troops pull back ms. in east Lebanon

RUT (AP). — Israeli soldiers dismantled eight positions on front line in East Lebanon and pulled back 4 kilometres in advance of final withdrawal from Lebanon, reports reaching Beirut said today.

Reports said the withdrawal of the small hamlets north of the town of Minnes, 20 kms. from the border, began four days ago and was completed at dawn yesterday.

Israel has said it will complete the pullback to its northern border by June, ending a three-year occupation of South Lebanon.

Tokyo regrets release of Kozo Okamoto

YO (Reuters). — Japan yesterday "regretted" Israel's release of the terrorist Kozo Okamoto for a massacre at Ben-Gurion airport in 1972, and said it would limit him on the international ed list.

Prime Minister Shintaro Abe was sending a message of regret to Israel over the freeing of Okamoto, in Monday's prisoner exchange.

Ambassador of Japan, Shozo Iwano, yesterday called on Foreign Minister Yasuhiro Nakasone to express his government's regret at Okamoto's release.

Nakasone expressed Israel's regret at Okamoto's release had caused

Rabin: Terrorists can be re-arrested

By JOSHUA BRILLIANT
Post Defence Reporter
AVIV. — Defence Minister Yitzhak Rabin said yesterday that the risks who remained in Israel being released in Monday's prisoner exchange will be rounded up by a terrorist organization tries to p Israel in a bid to secure the release of more detainees.

Rabin said that in this way they will attain their goals, I, at least, will recommend to the government and the legal authorities in Israel that if there is an attempt to kidnap a civilian or soldier to negotiate for the release of (more) murderers, then we should detain all those who have been released under the exchange deals made so far."

He said that he was not sure whether such a move is legal, but added: "I am sure we will find a way. Let the terrorist organizations know — we shall take steps."

Jerusalem classes to be dismissed this morning

By LEA LEVAVI
Jerusalem Post Reporters
Jerusalem secondary schools in Jerusalem closed at 9:30 this morning for classes belonging to the Histadrut Teachers Union are to walk to job in protest against the Ministry's refusal to cancel dismissal of several thousand teachers. The strike will also affect classes in Jerusalem whose teachers belong to the union. Kintan and special education classes will be unaffected.

At 10:30 a.m. union members are expected to arrive at the Knesset. The ministry argues that the dismissal is necessary to cut the cost. It has not responded to proposals made a few days ago to return for job security for all and non-tenured teachers, who would forgo their pay increment (about 3 per cent for salaries) and payment for room duty and non-classroom



Hezi Shai (left), Yosef Groff (centre) and Nissim Salem return home yesterday morning. (IDF, Bruumann)

Knesset panel approves car levy

By AVI TEMKIN
Post Economic Reporter
The Knesset Finance Committee yesterday approved a one-time levy on private cars, company buildings and capital stock. The levy will become effective after passing its third reading in the Knesset. But it still stalled on the proposed travel tax increase (see page 2).

The levy on private cars will be paid together with the annual licence fee, and will be linked to the Consumer Price Index. It will remain in force for one year.

The committee also approved a last minute amendment to the levy bill, which allows firms to deduct from their annual tax returns a fifth

of the levy to be imposed on their building and capital stock during each of the coming five years.

Thus, private-car owners who will not enjoy this privilege, will be the only ones to effectively pay the levy.

Company-owned cars are to be treated as capital stock, and the levy paid on them will be tax-deductible. Ministers and other senior officials in the public sector will not pay the levy on their official cars.

Some committee members protested against what they felt was a decision largely guided by vested interests. An Alignment proposal to exempt the Egged and Dan bus cooperatives from the levy was supported by only half the members of the committee, and the Knesset will thus have to decide the issue.

State Revenue Administration officials later told the committee that the amendment they had approved will deprive the public coffers of some \$25 million.

The following are some examples of the levy on private cars: cars with engines between 845 and 1000 cc, IS114,000 (1980 model), IS138,000 (1981), IS162,000 (1982), IS180,000 (1983), IS195,000 (1984), IS228,000 (1985); cars with engines between 1001 and 1300 cc, IS135,000 (1980), IS165,000 (1981), IS210,000 (1982), IS240,000 (1983), IS270,000 (1984), IS300,000 (1985).

'We won't defend ourselves' — following exchange Terror defendants switch strategy

By ROBERT ROSENBERG
Jerusalem Post Reporter
The defendants in the Jewish underground trial yesterday switched from legal defence in favour of a political offensive, firing their lawyers and finding supporters among those who, until the prisoner exchange this week, had been their bitterest opponents.

Their strategy seemed to be to use a back-lash to the prisoners exchange to get a politically pressured amnesty.

The session began with Menahem Livni, the alleged chief conspirator

in the case, reading out a statement rejecting Judge Eliahu Bazak's plea last week that the defendants not fire their lawyers.

"The state and the court...should do the only honourable thing...after the release of the terrorists to their homes. And end this trial," said Livni.

He said he had already made up his mind not to present a defence, when Bazak and the other two judges last week ruled that the defendants' views on security conditions in the territories and the question of sovereignty on the Temple

Mount were "irrelevant" to the defence.

Bazak interjected: "I thought I had convinced you not to fire your lawyer."

"Maybe," said Livni, "but now there can be no defence at all, for there is no justice in this trial."

All the other defendants joined Livni, except for Boaz Heinemann, whose lawyer informed the judges that Heinemann — accused of stealing and preparing explosives — still wants to testify. Haim Ben-David at first wanted to join Heinemann, but

Major crisis unlikely over Jewish terror trial

By MICHAEL EILAN
Jerusalem Post Reporter
A major coalition crisis over demands to free the defendants in the Jewish underground trial appeared unlikely last night because of differences of opinion within the Likud and other right wing parties.

Vice Premier and Foreign Minister Yitzhak Shamir advocates presidential clemency after verdicts and sentences are handed down. But other right wing ministers and Knesset members say the underground defendants should be freed during the course of their trials as a gesture of clemency following the release of 1,150 Arab terrorists in Monday's prisoner exchange.

Former prime minister Menachem Begin yesterday said on

Israel Radio that the prisoner exchange and a possible pardon for the Jewish underground terrorist suspects should not be linked.

The possibility that the trial may end speedily should also serve to defuse coalition tensions, since it will render irrelevant any question of freeing the defendants out of hand. In this case, Alignment ministers

usual manner by the Justice Ministry and the president.

If demands for clemency are raised in the cabinet or in the inner cabinet (which meets today), the Alignment will find it fairly easy to postpone debate on the issue, according to informed sources.

Most of the defendants have said they will not testify in their defence, and since the prosecution is due to complete its summation next week, it should be easy for the Alignment to persuade some Likud MKs to wait until verdicts are handed down.

Attorney General Yitzhak Zamir is the only person, besides the president, who can stop a trial in mid-course by dropping the charges or requesting a stay in the proceedings. Zamir expects to be formally asked

Reactions — page 2 Homecomings — page 3

who vehemently oppose stopping the trial, because they see that as an abuse of the rule of law, will find it easier to appease the defendants' advocates by saying that questions of clemency can then be handled in the

Close watch on freed terrorists

By DAVID RICHARDSON
Jerusalem Post Reporter
As joy and nationalist sentiment swept the West Bank and Gaza yesterday, following the release of more than 800 convicted terrorists and other security offenders, military and security officials offered conflicting predictions about the released prisoners' influence on the security situation in the territories.

While it is clear to both sides that those who have chosen to remain in Israeli-controlled territory will be

closely watched, some officials have little doubt that there will be some recidivism.

"Some of these people were Fatah commanders in the area before their capture. There is a good chance that they will continue to act as organizers and behind the scenes commanders," one official said.

He also expressed fears that some of those released would know of caches of arms and explosives so far undetected by the security forces.

The coordinator of activities in the

territories, Shmuel Goren, said yesterday that it would be made clear to each of the released prisoners that Israel would uphold its side of the agreement concluded with Ahmed Jibril and the Red Cross.

"However, the slightest infringement of the law on their part will be treated with the utmost severity," he stressed.

Within the next few weeks, every released prisoner will be summoned to local military headquarters and

Inner Cabinet united on release

By HIRSH GOODMAN
Post Defence Correspondent
The exchange of 1,150 terrorists for 3 Israeli soldiers being held by Ahmed Jibril was approved unanimously by the Inner Cabinet on April 1, two weeks before it was finally accepted by Jibril.

Had the approval not been unanimous, senior sources say, the exchange would not have taken place.

The terrorists included some of the most vicious killers taken alive by the Israeli security forces. Ahmed Jibril heads the Syrian-backed Popu-

lar Front for the Liberation of Palestine — General Command.

"What we did not foresee at the time," one official told *The Jerusalem Post*, "was that some of the ministers may have raised their hand because they saw this as a way of getting the Jewish terrorists released as well."

The Inner Cabinet's vote came after 18 months of arduous, frustrating and sometimes humiliating attempts by Israel to reach an accord with Jibril.

The first attempt to secure the release of the prisoners being held by

the Syrians, the PLO and Jibril, as well as to obtain information about soldiers missing in action — at that time Hezi Shai, released on Monday, was one of these — was initiated by Lova Eliav in December 1982.

Eliav was particularly close to the late Issam Sartawi, who headed the moderate wing in the PLO inner circle. Eliav maintained contact with him until April 1983 when Sartawi was assassinated in Portugal by a member of Abu Nidal's radical terrorist group.

With Sartawi gone, Eliav's con-

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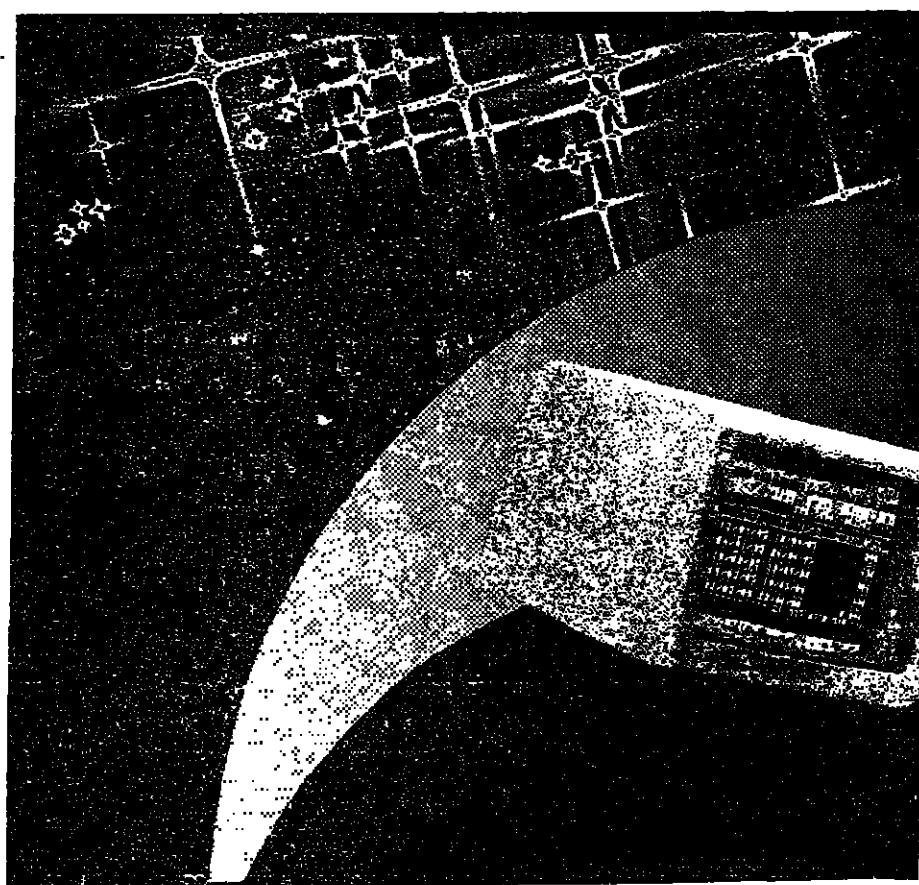
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THE WEATHER

Forecast: Rise in temperatures and drop in humidity.

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Humidity
Jerusalem	29	16-26	30
Golan	32	14-28	31
Haifa Port	38	17-26	30
Thessalon	73	19-25	37
Nazareth	43	16-28	35
Afula	46	15-29	32
Sharon	40	16-28	31
Tel Aviv	68	18-26	32
B-G Airport	67	15-27	30
Jericho	62	18-35	37
Gaza	77	18-25	28
Beersheva	21	14-32	33
Eilat	11	21-37	39

SOCIAL & PERSONAL

Vice Prime Minister and Foreign Minister Yitzhak Shamir gave a dinner in Jerusalem last night to bid farewell to U.S. Ambassador Samuel Lewis. Among the guests were Ministers Moshe Nissim, Moshe Katsav and Haim Corfu, and senior members of the Foreign Ministry staff.

Israel's former ambassador to Portugal, Dov Millman, will be the guest speaker at Haifa Rotary Club's luncheon meeting in the Nof Hotel at 1 p.m. today.

Victor Perry will speak on "The Media and Israel's Image" at the weekly meeting of Jerusalem's Rotary Club at 1 p.m. in the YMCA today.

Mr. Joseph Harmatz, Director General of World ORT Union, and Mr. Israel Gorainik, ORT Israel's Director General, were this week the guests of President Chaim Herzog, and reported on the development of ORT in Israel and worldwide.

Birth

NARUNSKY - to Dina and David, on May 21 in Tel Aviv, a daughter, sister to Daniel, granddaughter to Essie Narunsky and George Araz, great-granddaughter to Morris Shapiro of South Africa.

ARRIVALS

Dr. and Mrs. W. O'Brien from England, Mrs. Anna Amar and Recteur and Mme. Jean Roche from France, Mr. and Mrs. Burgholtz, Mr. A. Gerhard, Prof. and Mrs. Hoffmann, Prof. Dr. Hartwig Klein from Germany, Mr. Leslie Wolfson and daughter from Scotland, Mr. Newton Becker, Mr. and Mrs. Stewart M. Cohen, Dr. and Mrs. Isaac Djerassi, Mr. Jerry Oren, Prof. S.A. Rizer, Prof. J.T. Schwarz, Mr. and Mrs. Ed Stein, and Mr. and Mrs. Zucker from the U.S.A. for the annual meeting of the Board of Governors of Tel Aviv University, and the following for the board meeting and special ceremonies: Mr. and Mrs. Stanley Grossman (Australia) for the dedication of the Stanley and Helen Grossman Garden, Mr. Mario de Botton to receive an honorary fellowship of TAU, Mr. de Botton, and Mr. and Mrs. C. de Botton, Mr. and Mrs. D. de Botton, Miss Yvette de Botton, Mr. Paul de Botton and Mr. and Mrs. Magar from England, Mr. and Mrs. Bertrand J. Cohn (U.S.A.) for the inauguration of the Bertalan J. and Barbara Cohn Chair in the History and Philosophy of Science, and Mr. Boris Lubowski (Venezuela) for the inauguration of the Kalman Lubowski Chair in Law and Biomedical Ethics.

CLOSE WATCH

(Continued from Page One)
warned that any political or subversive activity may bring about arrest and possible expulsion. The policy will also be explained to their families and acquaintances, Goren said.

One possible cumulative effect of the release of the prisoners perturbs officials. However, they all stressed that their concerns were fully elaborated and taken into account by the cabinet before it approved the exchange.

"This is an extremely negative example for the younger generation," said one official on Monday night as he watched crowds of young men waiting for their relatives and friends to arrive from the central prison in Nabulus.

"These terrorists will be walking, active heroes. They will no longer be remote and absent people to be pitied. Some of the shabab (the street youth) will surely want to copy them," he said.

No postal services for next two days

Jerusalem Post Reporter
There will be no postal services today and tomorrow, following the failure of week-long efforts to prevent a strike. Postal agencies, which operate on a contractual basis, are expected to be open.

HOME NEWS

Shamir backs terror prisoner exchange

By AARON SITTNER and ARYEH RUBINSTEIN
Jerusalem Post Reporters

Vice Premier Yitzhak Shamir yesterday defended Monday's prisoner exchange with the Syrian-backed Popular Front for the Liberation of Palestine-General Command, in which 1,150 terrorists held by Israel were freed in exchange for three Israeli soldiers.

Appearing before the Knesset Foreign Affairs and Defence Committee, Shamir said the negotiators of the exchange had no ground rules to guide them and had to use their best judgement as the negotiations unfolded.

Asked by committee members about demands to pardon the defendants in the Jewish underground trial as a countermove to the "unbalanced" prisoner exchange, Shamir replied that after consulting with "many people in the Likud" he felt that the prisoner exchange and the underground should not be linked. "But," he added, "the timing of the two developments definitely should encourage a speed-up in the determination of the underground matter."

Declaring that "the path they (the Jewish underground members) chose was wrong," Shamir nevertheless recommended that they be forgiven - "but only if they publicly express their remorse at what they have done or intended to do."

Committee member Eliahu Ben-Eliassir (Likud) said: "Now that we have sent hundreds of convicted murderers home to their families, we should also see to it that a small group of Jewish suspects are sent home to their families."

Linking the prisoner exchange with pardons for underground members also came up yesterday in executive meetings of the Alignment and the Likud Knesset factions.

The overwhelming majority of Alignment MKs, according to a draft resolution due to be formally approved by them this morning, state that they "reject any attempt to undermine law and justice in Israel by linking the prisoner exchange to the dropping of charges against the underground members by the attorney general... Authority for pardoning criminals rests solely with the president and only he should decide on the fate of the underground members, after the processes of law and justice have been completed."

Menahem Hacoen and Yitzhak Peretz were the only two Alignment MKs who attended yesterday's fac-

tion executive meeting who supported early pardons for the underground members.

Peretz asked that the legal proceedings in the underground case be speeded up so that a request for pardon by President Herzog could be presented in the near future.

Simha Dinitz said that pardoning the underground members would undermine Israel's reputation as a state based justice.

Almost all other speakers at the meeting opposed giving amnesty to the underground defendants before their trial is over.

At the Likud faction executive, almost all speakers backed linking the prisoner exchange and underground issues. However, faction whip Haim Kaufman ruled that the matter was so important that another meeting - of the whole faction - would be held today, to hear more Likud MKs' views.

Among other reactions by Knesset Members yesterday to Monday's prisoner exchange were the following:

• Uzi Landau (Likud): The release of the 1,150 will encourage more terrorist acts, and will torpedo any future prisoner exchange plans. What price will we have to pay next time? Israel will no longer be viewed as a country that refuses to submit to blackmail.

• David Libai (Alignment): It was a mistake to negotiate with Jabril on his terms. That should only have been done if the lives of the three soldiers were in immediate danger. The government's consenting to the freeing of 600 criminals and letting them circulate among us in the administered areas undermines justice. To prevent suffering by the families of three soldiers the government has caused suffering and horror to the families and the hundreds of victims of the murderers who were freed.

• Benny Shalit (Likud): Releasing murderers is scandalous, and will only lead to more terrorism. In the future, the blackmailers may demand territory in exchange for Israel.

Following the cabinet secretary's announcement that the government will make a statement in the Knesset next Monday on the prisoner exchange, the Knesset presidium yesterday decided not to recognize the urgency of a number of motions for the agenda on that subject, or of motions proposing the release of Jewish underground prisoners.

MAJOR CRISIS

(Continued from Page One)
to stop the proceedings within the next few days.

Requests for presidential clemency are handled by a special Justice Ministry committee. These requests then need approval from the justice minister and the president.

Justice Minister Moshe Nissim yesterday took pains to distance himself from the question of clemency, stressing that it is ultimately the president's decision.

Nissim also seemed to agree with some Alignment ministers that the cabinet, whatever its attitude, has no standing in halting any legal proceedings.

Speaking at the Journalists Association in Jerusalem, he also said that the cabinet has no formal standing in questions of clemency (though the justice minister, a member of the cabinet, plays a crucial role in granting presidential clemency.)

David Rudge reports from Haifa: Trade and Industry Minister Ariel Sharon yesterday added his weight to growing Likud demands for the release of all the Jewish underground.

It was unthinkable that "terrible murderers" be set free, while members of the Jewish underground remained behind lock and key, Sharon told reporters after he emerged from a hearing at the Haifa District court over the Ata crisis.

Meanwhile, Alignment politicians are gearing up to meet what political observers say could be a Likud

onslaught over the whole question of the prisoner exchange.

These observers say that by vociferously demanding clemency for the "repentant" members of the Jewish terrorist ring, the Likud ministers would thus be able to distance themselves from their agreement to the freeing of so many terrorists.

Labour's Moshe Shalom reportedly said last night that it was the Likud, which had acceded to one of the terrorists' most controversial demands - allowing over 600 freed terrorists to return to their homes in Israel and the administered territories. This can be seen as a first volley in an Alignment effort to ensure that it remains very clear to the public that both parties share equal responsibility for the terms of the prisoner exchanges.

Justice Haim Cohn, a retired justice of the Supreme Court, said last night that the president of the state has the power to free the members of the Jewish underground at once - both those who have been sentenced and those who are still on trial.

In answer to a question, Cohn said that in his opinion neither the mass release of convicted Arab terrorists on Monday nor a possible exercise of presidential clemency in favour of the Jewish underground would harm or impair the judicial system.

Cohn added that if the president chose to use his powers in this way, it would not compromise the judicial system.

Cohn's view appeared to differ from an earlier statement by Justice Minister Moshe Nissim who stated that only the attorney-general could halt the trial against the underground.

In an interview on Kol Yisrael's evening newscast, Cohn said that the president "has the power, not only to reduce sentences, but also to pardon an accused person by annulling the indictment, at any stage of the proceedings, even before the trial has begun... Since the attorney-general has this power, a fortiori the president has it."

RUMANIA - Eighteen Rumanian chefs, musicians and dancers are due to arrive here tomorrow to participate in "Rumanian Month," which will take place in Dan Hotels throughout the country beginning June 1.



Pupils from the Paula Ben-Gurion School take part in a march through the capital yesterday in honour of Jerusalem Day. (Rahamim Israeli)

Kreisky cites assassination warning

VIENNA (AP). - Former Austrian Chancellor Bruno Kreisky, who helped negotiate this week's prisoner exchange, said yesterday he had cancelled a trip to Israel after friends warned of a possible assassination attempt.

Kreisky was scheduled to leave yesterday on an eight-day tour that would have included speaking engagements in Tel Aviv as well as a private meeting with Prime Minister Shimon Peres.

He said he had also planned meetings in the West Bank and Gaza with "Palestinian friends."

Hussein meets Mubarak en route for London

CAIRO (Reuters). - Jordan's King Hussein left for London yesterday after talks with Egyptian President Hosni Mubarak on breaking a deadlock over Palestinian representation in future Middle East peace negotiations.

Hussein meets President Reagan in Washington on May 29 for talks expected to cover the key issue of who will represent the Palestinians in proposed discussions between the U.S. and a Jordanian-Palestinian team.

Hussein told reporters that his talks with Mubarak were excellent. It was the seventh round of talks between the two since Jordan restored diplomatic ties with Egypt last September.

TERROR

(Continued from Page One)
as the atmosphere heated up, also decided not to testify.

Yitzhak Ganiram echoed Livni, saying that as far as the defendants were concerned, "the judges can convict us and sentence us today."

That became the centrepiece of statements made by the defendants, and prompted Bazak to announce a recess.

During the recess, while Bazak discussed the situation with the defence and prosecution lawyers, a number of the accused held their babies and talked to their wives and newsmen on the second floor of the courthouse.

Livni and Yehuda Etzion, the No.2 man in the alleged conspiracy, reiterated their court statements that it is "absurd" that while terrorists go free in the territories, "those who struggled to prevent terrorism in Judea, Samaria and Gaza, remain in custody."

An hour after Bazak ended yesterday's session by scheduling Heiman's testimony for tomorrow and the prosecution's summation for next Wednesday, the Supreme Court secretariat announced that the High Court had turned down a bail plea made on Monday, and renewed the defendants' remand in custody until mid-July.

From the courthouse, the defendants' supporters went to the Knesset, where the political offensive for the accused's freedom was taking shape. The demonstration, of no more than 500 people, with the children, included many who a year ago, when the suspects were arrested, were their most vociferous oppo-

PLO BREAKS

(Continued from Page One)
other with anti-aircraft fire, armour-piercing rockets, rocket-propelled grenades and machine guns.

Palestinian spokesmen, who declined to be named, said other fighters also recaptured the nine-storey Gaza Hospital on the fringe of the Sabra camp, overrun by Amal Monday night.

The Palestinian thrust into the Fakhani district gave them command of a string of strongpoints overlooking the battle zone.

Their push came after hundreds of Palestinians beat off repeated Amal attacks, with grenade-throwing girls joining their menfolk behind the sandbags in a battle for survival.

Scores of Palestinians sneaked out of the shanty-town camps during lulls in the fighting, seeking safety from the incessant barrages. Men and women clutching children ran for cover.

"We've been living in basements for two days," said one wild-eyed woman dragging a terrified boy. "But at least we're alive."

Amal fighters yesterday made house-to-house searches, dragging out at least 65 young men suspected

Knesset committee fails to pass travel tax rise

By AVI TEMKIN and MICHAL YUDELMAN
Jerusalem Post Reporters

The Knesset Finance Committee yesterday failed to pass the increased travel tax approved by the government on Sunday. It is due to meet again today in an effort to reach a decision.

Four members of the committee met last night with Finance Minister Yitzhak Moda'i to brief him on some of the compromise proposals.

Committee Chairman Avraham Shapira, proposed that students and new immigrants be exempted from the tax increase if they waive the \$800 foreign currency allowance for travellers. Thus they would pay \$150 in tax instead of \$300, as approved by the government.

Some other MKs proposed that any traveller willing to waive the foreign currency allowance be exempted from the tax increase.

The Israel Tourist and Travel Agents Association yesterday de-

clared a one-day strike for tomorrow to protest against the proposal of tax increase.

Travel agents also decided to stop collecting the 20 per cent tax on foreign airline tickets and to demonstrate outside the prime minister's office, together with new immigrants' committees tomorrow.

"It's time the government stopped treating the tourist trade as the cause of the country's economic ills," association chairman Gershon Magoi said at an emergency meeting of travel agents yesterday.

The Association of American and Canadian in Israel will coordinate lobbying of minister and MKs to get recent immigrants a exemption from travel tax.

The AAI yesterday organized demonstration by over 1,000 former immigrants from western countries outside the Knesset. The protesters argued that the taxes would force them to cut their ties with relative abroad.

Settlers' tactics 'force out freed terrorists'

By JOSHUA BRILLIANT
Jerusalem Post Reporter

AL FERDIS. - Three released terrorists yesterday reportedly agreed to leave their homes in this West Bank village south of Bethlehem after Jewish settlers had allegedly raided the hamlet and smashed a number of windows.

The settlers set up a tent encampment near the village and said they would not leave until the three terrorists quit the country.

At a meeting yesterday with a senior official of the West Bank administration, Al Ferdis' Mukhtar Hashem Ibrahim Muhammad Abu Hamid told *The Jerusalem Post*, two of the released men said they would move to Jordan and the third said he would go to another village.

Relations between the village, and the nearby Jewish settlement of Tekoa, grew tense on Monday when Raleb Suleiman Ahmed Abu Mahmud and Mahmud Hassan Halaf el-Himri, who stabbed to death Tekoa settler David Rosenberg in July 1982, and Muhammad Ali Mbarak Abu Hamid, who planned the assassination, returned home to a warm welcome after being released within the prisoner exchange deal.

Two hours later, some 50 Tekoa residents converged on the mukhtar's house and demanded that the three leave the country.

The mukhtar and other residents charge that the settlers entered the village with car horns blaring and hurled stones that smashed windows. They showed a reporter two homes with broken windows.

Standing among the stones littering his front room, Haron Ibrahim

Muhammad Abu Mahmud said and his children had run into bedroom to take cover.

Eli Bash, one of the Tekoa settlers, denied they had broken anything or injured anyone. "The were clear orders to everyone as we have no hotheads among us," he insisted.

He said that before a government official came, some 30 settlers entered the village, calling out loudspeaker for: "Murderers, leave the country."

They should not be allowed to live on our doorsteps, he insisted. "No, they can attack again and they know that if they're caught they'll be released within two or three years."

The first incident in the West Bank after the prisoner swap, took place at the northern entrance Hebron at 9.30 p.m. on Monday.

Hundreds of Palestinians, beating drums and dancing in the streets welcome the returned prisoners scattered and hurled stones when group of settlers led by Rabbi Moshe Levinger of Hebron arrived and set in the air and at walls.

Menahem Horowitz adds: The committee of parents who children were killed during the terrorist attack in Ma'alot in 1974 insist that the prime minister and defence minister meet with them to explain why the government accepted demands for the terrorist's release.

"Why didn't the government agree to negotiations in 1974 when the terrorists when our children were trapped inside the Ma'alot school Meir Amrosi of Safad asked. I daughter Malka was killed and with 21 other schoolchildren.

Tamra men remanded after weekend riot

ACRE (Itim). - Some 26 villagers from Tamra in Lower Galilee were remanded in custody for 15 days by the magistrates court here yesterday, following last weekend's violent eruption of a long-standing blood-feud between two village families.

Eighteen people were hurt by members of the Yassin and Ruwfi families clashed with knives, hatchets, rocks and iron rods.

Galilee Arab notables are attempting to arrange a sulha (reconciliation).

MK Goldstein demands courtmartial of PoWs

TEL AVIV (Itim). - Likud MK Pinhas Goldstein last night called for a court martial of the eight soldiers who were taken prisoner in Bahadoun, Lebanon in 1982 without firing a shot.

The soldiers who fell into Palestinian hands in 1982 were said to have been resting under a tree unnamed when Palestinian terrorists captured them without a fight.

Six of them were freed in November 1983 in a prisoner exchange with the PLO. The two others, Yosef Groff and Nissim Salem, were released on Monday.

Former army chief of staff and Tehiya MK Rafael Eitan said on the same programme: "This was an extraordinary matter."

Settlers block road after bus is stoned

SAMARIA (Itim). - West Bank settlers yesterday blocked the road between Emmanuel and Jerusalem near the refugee camp of Jalazat after an attack on an Egged bus Sunday night in which an Emmanuel resident was injured.

The man was hospitalized with head injuries after the No. 474 bus was pelted with stones as it passed the camp.

The settlers removed the road block after police arrived on scene.

Also on Sunday night, petrol bombs were thrown at No. 86 bus travelling from Ariel to Ma'at Ephraim. There were no injuries.

The Governor and the Bank of Israel

profoundly mourn the passing of pensioner

A. LOZOWICK

a former member of the Executive of the Bank, and share the deep grief of the family.

In deep sorrow,

we announce the sudden passing of our beloved partner

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and extend deepest sympathies to his family.

The funeral took place yesterday, May 21, 1985 (Sivan 1, 5745) at Har Hamenuhot, Jerusalem.

Shiva at 2 Rehov Hirshenberg, Jerusalem.

Herzog, Fox & Neeman

Yoske Groff finally gets yellow ribbons

By MICHAEL YUDELMAN
Jerusalem Post Reporter

It was a happy day yesterday for three Israeli families. Nissim Salem, Yosef Groff and Hezi Shai, prisoners-of-war for almost three years, returned home.

"My son has come home," was all Miriam Groff could say when asked how she felt after the family brought him back from the military air base at dawn yesterday.

Colourful light bulbs and yellow ribbons decorated the apartment, in a building on Rehov Alufel Zahal in Holon. There were Israeli flags and posters welcoming Groff home and many cakes. Dozens of children in school uniform, many carrying flowers, waited outside the apartment building and burst into song and applause when a flower-decked taxi arrived with Groff and his parents.

As soon as "Yoske," thin, tall and

very pale, entered the flat, a tape recorder began playing *I'm coming home, I've done my time...* from the song *Tie a Yellow Ribbon round the Old Oak Tree* about a prisoner returning from jail. Groff had especially asked for yellow ribbons when he came home.

"He hasn't changed a bit. It's as if he left only yesterday. It's the same Yoske," his mother said. And indeed, Groff was in the best of spirits, alert, joking with those surrounding him and quick to respond. "Hey, do I have to tell you to calm down?" he told friends and relatives, urging them to sit down and relax.

Asked how he felt, Groff smiled: "I've been asked that question about 80 times today. It's hard to describe in words. I'm not sure I know what's happening yet. Words never quite catch the real feeling and it gets lost when I try to put it into words. I was

cut off two years and nine months ago. Now you want me to say whether I'm alright or not? I was sure I'd be hysterical when this moment came and I'm not."

He thought a little and continued. "I've grown more mature. That's the only thing that's changed, I think. What am I going to do first thing? Go to sleep."

Sitting very close to his mother on the couch, a small child on his knee, he said he was treated well in captivity.

"The main feeling was of pessimism and cynicism. The only thing that kept me going was my imagination, day dreams. That's how I kept my sanity. And believing that it would end some day. Hezi and Nissim also believed it."

Commenting on a remark that he seemed to be the leader of the three, Groff shook his head: "Speaking of a

leader, 400 metres from here (referring to Hezi Shai) is a real hero. He's shy, that's all."

It had been a long day and especially a long night of waiting. The plane which had been scheduled to land with the trio on the previous evening, landed only at 5.15 a.m. yesterday. The parents were tense and distraught until the last moment, lest something could still have gone wrong.

After almost three years of waiting and hoping, they were almost afraid to believe their sons were really coming home.

"Until the moment I heard he was actually here, I didn't allow myself to let go, to be happy. It will take us some time to wind down," Miriam Groff said. Now that their son is home, his weary parents only ask that journalists and visitors leave them alone for a while.



The father and sister of David Ben-Shimon, sentenced to life imprisonment for a rocket attack against an Arab bus in Jerusalem in which one person was killed, conduct a hunger strike outside the Knesset yesterday to press for Ben-Shimon's release in the wake of the release of terrorists in the prisoner exchange.

(Dan Landau)

Tension, then embraces as freed IDF men fly home

By ALAN BEN-AMI
Special to the Jerusalem Post

The white Boeing 747 touched down just as dawn broke. Almost 20 hours earlier it had flown a long journey to freedom in Geneva. Now the Israeli plane was back - this time returning three Israeli soldiers from captivity.

Hezi Shai, Yosef Groff and Nissim Salem were one from the war in Lebanon - via Geneva, from a prison, and three years in the hands of Ahmed bri's Palestinian terrorist group.

The soldiers' families were to have welcomed them back on Monday night. But nerve-racking stays in the prisoner exchange arrangements meant several more hours of tension until they could begin arriving at an Israeli air-force base yesterday morning to welcome home the three POWs.

The Groff family bypassed the refreshments of warm drinks laid out for them under colourful awnings on the grass beside the officers' club. They sat straight to the landing strip... just that little closer to Yoske.

The other families sat or stood beside the tables, walked around nervously and talked to each other about the big moment. There were warm exchanges with Arye (Lova) Eliav - who had played an important behind-the-scenes role because of his contacts with Palestinians and with the two Austrian mediators, Dr. Bruno Kreisky and Herbert Amery.

L'haim (to life) said Hezi Shai's father, lifting a glass and proposing a toast in which everyone joined.

Defence Minister Yitzhak Rabin arrived, accompanied by the Chief of the General Staff Rav Aluf Moshé Levy. Both men received hand shakes and thank-yous from the fathers and mothers, for their part in bringing the boys home.

Then on to waiting buses and the short drive to the tarmac where the plane and the prisoners were soon to touch down.

The families gathered beside the landing strip. The atmosphere was tense.

And then the plane arrived and the runway supervisor guided it towards the families. There

was applause as it taxied to a halt beneath bright arc lights. The door opened. And the families ran forward as the three former POWs, dressed in crisp new IDF uniforms, stepped down the stairway.

Shai was embraced by his father and then by his ecstatic wife, Iris. Groff, the next to come down, was met first by his mother. A white skull cap on his head, he recited a prayer of thanks. Salem followed close behind, with his parents pressing forward to embrace him.

Former minister of justice Shmuel Tamir, who headed the Israeli team negotiating the prisoner exchange, stepped tiredly down from the airplane, accompanied by the head of IDF manpower branch, Aluf Amos Yaron, his fellow negotiator. They were met by the two men who had preceded them in the early months of negotiation, Arieh Marinsky and Aluf (Res.) Moshé Nativ. "It's good to be home," said Tamir.

Soon afterwards the families were on their way home, and radio and television news broadcasts were telling us what Israel's minister of finance was saying. Life was returning to normal.

Freed exchange spy insists he's unrepentant

By YA'COV FRIEDLER
Jerusalem Post Reporter

HAIFA. - Daoud Turki, former head of a Syrian organized Arab spy ring returned "unrepentant" to his Wadi Nisnas home at midnight on Monday. He was one of one released in return for three Israeli soldiers.

"I have no need to repent. I paid a price for my views and deeds, and I wanted to repent, the trial would have been the time for it. It might have got me less than the 10-year sentence, of which I served," he told *The Jerusalem Post* yesterday.

"My views have not changed, but my health is poor and for the near future I shall do no political work," said Turki, 58, who suffers from diabetes, a heart disease and other ailments.

He said the Palestinians were entitled to "rights, a homeland and a state of those dispersed." He went on: "I don't believe we'll achieve our aims without a struggle, throughout history, no people have achieved their nationhood without a struggle."

Turki headed the spy ring of which Al Adiv was the leading Jewish member. Both were jailed for 17



Daoud Turki, who headed a Jewish-Arab spy ring and was released on Monday in the prisoner exchange deal, is seen on his return to his Haifa home.

years. Adiv was released by a parole board earlier this month. Turki believes that Adiv's release was also part of the exchange deal.

He confirmed that the two had parted ways in prison, since Adiv

had, at his own request, been moved out of the security prisoners' section.

"Regardless of his views now, I respect and love him as a man and wish him all the best in his new life with his fiancée. We didn't quarrel, we merely went our separate ways."

He had no plans to meet Adiv, "but if we happen to meet I'll welcome him," he said.

Turki said that during the last few months in jail he had frequently met Japanese terrorist, Kozo Okamoto, and had considered him "insane."

He had no complaints about the general treatment he received in jail. "My group respected the jailers and consequently we earned their respect." But he said, the food was very bad.

He also charged that "they (the authorities) tried to break me through my illnesses." A minor operation he had needed for six months was not carried out, he claimed.

Turki said that after "a long period of rest" he would focus on his political poetry, which, he said had "greatly improved" in prison.

A volume of political poems, *Power*, which he wrote in jail and which was published by the Prisoners' Aid Society, is still on sale.

Released prisoners helped keep exchange secret

By ROBERT ROSENBERG
Jerusalem Post Reporter

The 897 security convicts exchanged yesterday kept the operation, the most complex ever undertaken by the Prisons Service, a close-guarded secret.

The exchange released 11 per cent of the country's prison population, paving the way for a long overdue reorganization of the country's jails, easing security problems inside

the 10 prisons where security prisoners are held.

The *Jerusalem Post* has learned that Palestinian prisoners cooperated with the Prisons Service to keep the operation secret - and to keep order inside the jails.

There were neither celebrations by prisoners who knew they were to be released, nor demonstrations by those who learned they were not to be exchanged.

As prisoners were interviewed by Prisons Service officials, ranging from wardens to doctors, and prepared for release, the security prisoners kept the secret to themselves, Prisons Service sources confirmed.

Jewish prisoners who learned of the operation also kept the secret, abiding by official requests not to discuss the prisoner exchange with visitors.

Heading the Prisons Service operation was Gundar Moshé Yaffe, the head of Prison Administration, who three weeks ago, when the green light came from the Defence Ministry, was named by Prisons Service Commissioner Rafi Suissa to oversee the logistics of the release.

All 50 employees of the Prisoner Administration were released from all other tasks and set to dealing with the two main stages of the release.

The first involved identifying the prisoners to be released.

Lists handed over to Israel by the International Red Cross contained duplicated names, misspellings, nicknames and codenames.

Security forces personnel, Prisons Service officials and the computer experts spent much of the first few days matching the names on the list to prisoners behind bars.

In some cases, security prisoners helped to identify prisoners with their codenames.

The second stage of the operation involved preparing the formal releases of 897 prisoners, the largest number of convicts ever to leave Israeli jails in one day. The Prisons Service averages about 1,000 releases a year.

In addition, teams of doctors and nurses under the direction of Gundar-Mishne Ya'acov Siegelbaum were brought into the Prisons Service for the last two weeks to examine all the outgoing convicts.

Each prisoner was issued yesterday morning with any necessary

medicines, as well as a complete medical history.

Those prisoners who worked in Prison Service factories were paid their wages, which in some cases came to around IS1 million. Most, however, came out with no money, because they had refused to work.

The release immediately makes available space for some 500 prisoners and criminal defendants in the custody of the police who, because of overcrowding, have been unable to transfer custody to the Prisons Service.

The sudden release of so many prisoners enabled Commissioner Suissa to establish a special committee of prison officials, under Gundar-Mishne Reuven Gutman, who heads the service's property administration, to study the implications of the release.

Prison Service sources have estimated it costs some \$10,000 a year to maintain a prisoner.

The short-term implications were obvious immediately, once it was agreed by Israel that so many prisoners would be freed (the last prisoner exchange involved some 150 Palestinians departing the country's jails).

However, in the long term, a reorganization of the distribution of the prisoners throughout the system is going to be necessary, Prisons Service sources said yesterday.

The sources noted that the State Comptroller last year called for a reorganization to ease overcrowding, and said that Suissa is considering setting new criteria that would pave the way for more early releases of convicts.

The Gutman committee, said the sources, already foresees that by next year, overcrowding inside prisons - the country's jails hold some 5 per cent more prisoners than there is officially room for - will return to plague the service, unless a reorganization is undertaken.

modern primitives



By Oto Bihalji-Merin

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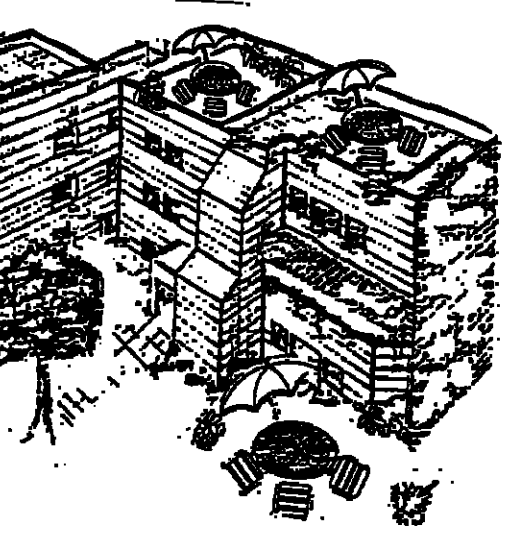
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Sports

Real legends

Post Sports Staff
RAMAT GAN. — Few clichés are as overused and abused in sports stories as the references to sportsmen as "living legends" or "legends in their own lifetime." But these are the only phrases that can be used to describe the contestants in today's preliminary soccer match between the Brazilian and Israeli heroes of the 1970 World Cup in Mexico. On the one side are such golden superstars as Jairzinho, Paulo Cesar and Rivelino, on the other side are Mordchai Spiegler, Giora Spiegel, Yehoshua Feigenbaum and Itzhak Visoker. The Israelis will be reinforced by some young modern players, not selected for the national squad.

Appearing on a television programme earlier this week, Feigenbaum said that the members of the squad had been training very hard and were fighting fit. But Jairzinho said the same thing about the Brazilians. A nostalgic look by Israel Television yesterday afternoon showed the superlative talents of the 1970 cup winners. They were certainly one of the greatest teams ever to play soccer. Even though they are today without Pele the nonpareil, they should provide some magic moments for the crowd at the newly refurbished stadium here. The match starts at 3.15 p.m.

Subsequently the *Hadasot* Footballer of the Year will be honoured, and Israel's national team will play Vasco da Gama, the Brazilian league champions. These events may seem to be almost anti-climactic after the first game, but Israeli fans should enjoy the unique treat of seeing modern Brazilian techniques.

Bloom makes square
By JACK LEON
Post Sports Reporter
TEL AVIV. — Gilad Bloom is the only new player in Israel's Davis Cup team just named for next month's home tie against Holland. The talented 17-year-old junior champion joins Shlomo Glickstein, Shari Perkin and Amos Mansdorf in the squad for the July 13 to 15 European Zone "B" second-round match at Ramat Hasharon's Israel Tennis Centre.

Former Dutch ace Tom Okker will be the visitor's non-playing captain. Local Tennis Federation general secretary Zvi Meyer reported yesterday. The team comprises Michael Schapira, Hans van Beekel, Tom Nysen and Men Oosting.

Israel's Davis Cup players — together with national coach Ron Stone — are gathering in Paris this week for the French Open, will Mansdorf and Bloom taking part in the qualifying round starting today and Glickstein and Perkin (if he is declared fit) going straight to Monday's main draw. Bloom is also competing in the French Junior Championships.

The four Israelis will combine their teams next play with daily coaching sessions as training under Stone, as part of the team's buildup for the tie against Holland.

Baseball: Monday
American League
 Toronto 6, Chicago 1; Milwaukee at Cleveland ppd.; minn. Minnesota 5, Boston 2; Texas 4, Kansas City 7; California 7, Detroit 2.

National League
 Montreal 9, Los Angeles 1; Chicago 6, Cleveland 1; San Diego 2, New York 0; Philadelphia 1, San Francisco 1; Pittsburgh 3, Houston 1; St. Louis 14, Atlanta 6.

SCOREBOARD
BOXING. — Larry Holmes, left eye closed and bleeding from the mouth, took another painful step towards boxing history last night in Rome. He also handed another fortune in the process. Holmes' latest victim was Carl "The Troll" Williams and the victory was a "unanimous" one. Best of the International Boxing Federation (IBF) champion admitted after his 4th heavyweight victory: "The fight was not easy. They're harder. The fighters are not old. They're younger." He also said he would fight in July and if he wins, he would try for his outright best in October.

SOCCER. — Liverpool clinched the runner-up spot in the English First Division on Monday night when they defeated West Ham United 3-1 in London.

Inflation in the U.S. rises 0.4% in April

WASHINGTON (AP). — The last food price drop in 11 months in the U.S. offset a continued creep in energy costs to hold the April inflation rate to 0.4%, the government reported yesterday.

Food prices, which had held flat in March, declined by 0.2% last month — the first drop since May, when they fell by the same percentage.

Petrol prices, continuing to spiral upward from what analysts have characterized as unusually depressed winter levels, rose 3.1% on a seasonally adjusted basis that took into account traditional spring increases.

Excluding energy and food, the consumer price index rose 0.3% last month. For the first four months of 1985 inflation at the retail level was running at an annual rate of 4.2%, just slightly ahead of the 4.0% last year.

Hunt for urban guerrillas in Greece

ATHENS (Reuters). — Seventy people have been questioned in a police hunt for urban guerrillas following the shooting dead of an extreme leftist gunman, a government minister said yesterday.

Public Order Minister Alexander Floros confirmed that Christos Tsoutsouvis, 32, who was killed in a gun battle with police last Wednesday, had been identified as one of two extreme leftists who shot dead a prosecutor here on April 1.

A claim of responsibility — by a group called "Anti-State Struggle" — for the murder of prosecutor George Theofanopoulos was found in Tsoutsouvis' flat, Floros said.

He said the apartment also contained electric detonators, house-breaking tools, hoods, wigs, gloves, equipment for making false number plates, and a piece of paper containing the names of two senior Athens police officers.

But Floros, a non-party man, strongly denied charges by Greece's Conservative opposition that Tsoutsouvis had connections in the past with the ruling Socialist Party.

Greece faces a general election in 11 days' time.

CALEDONIA. — France yesterday promoted its special envoy in New Caledonia, Edgard Pisani, to ministerial rank in charge of the troubled Pacific territory and named a senior diplomat, Fernand Wibaux, to replace him on the spot in Noumea.

U.S., Soviets to lift some trade obstacles

MOSCOW (Reuters). — The U.S. and the Soviet Union agreed yesterday to lift some obstacles blocking better trade between them, U.S. Commerce Secretary Malcolm Baldrige said.

After two days of talks with Foreign Trade Minister Nikolai Patolichev and a meeting with Kremlin chief Mikhail Gorbachev, Baldrige summarized the accord at a news conference and said he believed trade between the two superpowers was set to increase.

"Patolichev and I agreed that there were trade obstacles that could be removed," he said.

However, a radical change in the trading picture would depend on improvement in other aspects of U.S.-Soviet relations.

Under the terms of the accord, Soviet state trading organizations will be instructed to seek increased trade with the U.S. and that no discrimination be applied against U.S. firms, Baldrige said. He added that the Russians denied any discrimination took place.

The U.S. undertakes to "attempt to see" that Soviet firms are not discriminated against and the U.S. administration would present legislation to Congress to eliminate a 34-year-old ban on fur imports, from the USSR, he said.

The two sides also agreed to start discussions this year on a shipping agreement and to set up committees to facilitate trade promotion and deal with practical problems.

"We accomplished the objective we had set, which was to re-establish a mechanism for dealing with and resolving commercial and economic problems after a seven-year hiatus," Baldrige said.

Trade had fallen back in recent years following U.S. embargoes on technology and other exports to the Soviets.

He said the Moscow talks, the first at ministerial-level on trade since 1978, had not dealt with underlying U.S. policy towards trade with the Soviet Union, which was attacked by Gorbachev in their meeting on Monday.

Gorbachev accused the U.S. of trying to use trade as a political lever, but said he still sees a chance to boost economic relations.

Thousands of Ethiopians trekking home from Sudan

NAIROBI (Reuters). — Thousands of Ethiopians are heading home from Sudan despite concern among relief workers about the ability of sick people, women and children to withstand the trek, the UN said yesterday.

Up to 35,000 refugees left camps to walk back to Tigray, their home province, "because they have heard rains have arrived and they need to plant their fields," a statement by the office of the UN's High Commissioner for Refugees (UNHCR) said.

Otherwise, the refugees say, "they will be stranded in Sudan indefinitely."

Some of the refugees appeared to have little knowledge of conditions in Tigray, but many were returning anyway.

"Those who are sick and those with young children are urged by health workers to reconsider their decision, but to little effect," the statement said.

Ethiopia's relief and rehabilitation commission said it would set up camps to receive the Tigrayans near the border and appealed for seeds and tools to help them grow crops to break their dependence on food aid.

The UN statement said "the outlook for many of the returnees is not good and refugee leaders are reserved about their ability to provide enough food for dependents once back in Ethiopia."

Surprise as Yugoslav film takes top prize at Cannes

CANNES (Reuters). — This year's lacklustre Cannes Film Festival came to life in its closing hours with the award of its top prize, the Golden Palm, to the Yugoslav film "When Father Was Away on Business."

The verdict was so unexpected that the 30-year-old director, Emir Kusturica, was not even present to receive the award from veteran Hollywood star James Stewart at the ceremony ending the 12-day festival.

It was the first time Yugoslavia had won the award in the festival's 38-year history.

Kusturica's film, whose action is set 15 years after the end of World War II as Yugoslavia struggles to break with the Soviet Union and its Stalinist ideology, is a social satire seen through the eyes of a six-year-old child.

The boy recounts the misadventures of his father, a humdrum government official sent to a work camp by mistake on the testimony of a girl who had had enough of his attentions.

Frenchman Andre Techine, another relative newcomer and a director with a novel touch, won the best director award for "Rendez-vous," a story of a woman caught between her relationships with several men and her aspirations to become an actress.

The acting awards went to more commercial films. The best actress award was won jointly by former pop singer Cher for her role in "Mask" directed by Peter Bogdanovich and to Argentina's Norma Aleandro for her part in Luis Puenzo's "La Historia Oficial."

Best actor went to 25-year-old American William Hurt for his sensitive portrayal of a homosexual prisoner in "The Kiss of the Spider Woman" by Brazilian director Hector Babenco.

Brazilian prisoners hold 'death lottery'

RIO DE JANEIRO (AP). — Prisoners are holding a death lottery in a jail in east-central Brazil, choosing inmates to execute as a protest against overcrowding and bad living conditions, police said on Monday.

Last week, a prisoner in the city jail of Belo Horizonte, the country's third-largest city (466 kms north of Rio), was killed and beaten to death by inmates after his name was chosen in a lottery by his cellmates.

Police Chief Antonio Alves said in a telephone interview.

Another prisoner was chosen by consensus and also killed, he said.

Prisoners have threatened to continue the killings as a protest against overcrowding and poor living conditions, the police chief said.

"They said it was to protest prison conditions. Inmates have no beds, no privileges. It really is no place to serve out a sentence."

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BY MARK SEGAL



AT YAM
 tment: Best Defense 4.30, 7.30, 9.30

INNER CABINET UNITED

(Continued from Page One)

tacts dried up, and the major effort to get negotiations started again was channelled through the Austrian government, since then chancellor Bruno Kreisky had a special relationship with the Syrians and Palestinians.

In March 1983, then defence minister Moshe Arens appointed Arye Marinsky, a well-known lawyer, to coordinate the negotiations on behalf of the Defence Ministry. Aluf Moshe Nativ, O/C Manpower at the time, was named to handle the operational and military aspects of the problem. In June 1983, Marinsky stepped down for health reasons, and was replaced by former justice minister Shmuel Tamir, who saw the negotiations through to fruition.

While some headway was made with the PLO and the Syrians, Jibril at first refused to talk at all and then refused to allow Red Cross visits. Only in April 1984 did Jibril admit he was holding Hezi Shai, in addition to Nissim Salem and Yosef Groff.

The change in Jibril's attitude came after July 1983 when his nephew, Ali Murad Bushnak, was captured by Phalangist forces at a road-block in Beirut. Jibril's adamant refusal to negotiate softened in August 1983, when the Syrians told American special mediator, Robert McFarlane that they were prepared to hand over to Israel the bodies of four unidentified persons buried in the summer of 1982 in the Damascus Jewish cemetery. In October that year, one of the bodies was identified as that of Zohar Lipshitz, who fell on the eastern front. Shai Zvi Feldman, Zecharya Baumel and Yehuda Katz - who were all reported missing after the battle at Sultan Yaacub on June 11, 1982 - remained unaccounted for.

The first round of frustrating meetings with the PLO began on October 13, 1983, with the current Austrian Ambassador to Greece, Dr. Herbert Amery, acting as mediator. These meetings were suspended on October 17, and restarted in Geneva on October 21, against the backdrop of growing tension between Arafat and the pro-Syrian elements of the PLO in Tripoli.

On November 23, Israel released 4,400 terrorists from the Ansar prison camp in return for six Israeli soldiers being held by the PLO. From November 1983 to March 1984, mediation attempts bogged down.

In March, Amery began a series of five shuttles between Damascus and Tel Aviv, trying to establish a way of continuing the talks. He first visited the 120 members of Jibril's organization not released with the 4,000 from Ansar and being held in the Atlit

prison camp. Israel then transferred to Amery information about five of Jibril's men who were not on any Red Cross lists. A week later, Jibril stated his conditions for starting talks, and on March 9, informed Amery that he was holding Hezi Shai.

On May 1, the prisoners exchange process was both hampered and facilitated when three more Israelis, members of a unit attached to the Foreign Ministry's legation in Beirut, were captured by the Syrians. Almost two months later, they were returned to Israel together with three other Israelis being held by the Syrians. In exchange, Israel gave up 291 Syrian officers and men who had been in POW camps since June 1982. At the same time, Israel also returned 20 security prisoners, whom the Syrians demanded.

Sources in the Defence Ministry have admitted to *The Post* that the exchange with the Syrians could have been completed much earlier had Israel not insisted that the men being held by Jibril be linked to the deal. At the time Israeli negotiators were convinced that only the Syrians could pressure Jibril, and that if an independent deal were struck with the Syrians, Israel would lose the only leverage it had over him. The Syrians' capture of three more Israelis in May, however, made a separate exchange with them imperative, and a decision was made to go ahead.

The major problem then facing Tamir was securing the release of the three being held by Jibril and getting information on the four men still classified as missing in action. The missing include a Druse soldier, Samir Assad, who disappeared without trace from his unit in April 1983. In April 1984, the Democratic Front for the Liberation of Palestine admitted it was holding him, but later claimed that he had been killed during an Israeli attack on a terrorist base.

On June 3, 1984, Amery and the Red Cross paid their first visit to the

three Israeli soldiers in Jibril's hands. On June 10, Jibril allowed Shai to appear in public for the first time. The period between June and late October 1984 was spent, primarily by Amery, trying to lay the groundwork for proximity talks between Israeli officials and Jibril's representatives. These started under the aegis of Amery and the Red Cross on November 11.

Jibril's first demands astounded the Israelis. He not only demanded the release of all the Ansar detainees, but also of 1,187 security prisoners. His list comprised almost every convicted killer including those involved in the most heinous terror attacks on Israel since the mid-1960s.

Israel countered by drawing up a list of 36 names that were "non-negotiable," saying in essence, that it was only prepared to give up the 120-odd men affiliated with Jibril. Between November and February 1985, Amery continued his shuttle between the sides, with total deadlock being reached towards the middle of February.

Only following Kreisky's intervention was a basic agreement reached: Israel gave up 18 of the 36 "non-negotiables," as did Jibril. The final deal was 1,150 terrorists in return for the three Israelis. Of the 1,150, 879 were to be released from prisons in Israel, 150 from Ansar and 121 Jibril men left over from the last exchange.

Of those released, 76 had killed Jews, 116 had injured Jews, 91 had killed Arabs and foreigners, and 26 had injured Arabs and foreigners.

Some 600 chose to stay in Israel. Jibril had insisted that this choice be given those who originated from Israel proper, Judea, Samaria and Gaza as part of the agreement. Another 294 flew to Geneva, and from there to Libya, and 151 were returned to Syria, via the Kuneitra crossing.

The terms were brought to Defence Minister Yitzhak Rabin in March by Amery, and by Rabin to the Inner Cabinet on April 1, where they were unanimously approved after it was agreed there was no alternative.

Moda'i: 'Our economy is different'

TEL AVIV. - It is difficult for TEL AVIV. - It is difficult for the Israeli economy, because they make comparisons with the economies in their home countries. Finance Minister Yitzhak Moda'i yesterday told the annual meeting of the board of trustees of Tel Aviv University. His topic was "The economic challenge of Israel - problems and solutions."

The Israeli economy differs from others due to several fundamental factors. Israel is a country of absorption, often taking in immigrants who come without any means whatsoever, and this imposes a large financial burden on the state. Moreover, since the state was founded, it has fought five costly wars.

To absorb these immigrants, to

finance these wars and to forge ahead with the development of the country, Israel had to go into debt. "No other country in the world allocates its budget as we do," he said, pointing out that 20% went for security, 38% to pay back debts, and 28% for health and education.

In addition, about one-third of the labour force is employed in the public services - "while in other countries the percentage is only 10 to 15%."

He also pointed out that if there is general agreement in this country, it is on two points: first, that the national budget must be cut, and second, that each minister wants to cut the budget of another ministry, not his own. (Itim).

RABIN WARNS

(Continued from Page One)

on a general settlement of the dispute, he stressed.

"If gangsters take bank clerks as hostages, the police in any normal state will negotiate. Does this mean the state thus recognizes gangsterism?" he asked.

Rabin said he expected to continue with efforts to ascertain the fate of four IDF men missing in Lebanon - Zvi Feldman, Yehuda Katz, Zecharya Baumel and Samir Assad.

He said Israel lacked "any knowledge of their whereabouts."

Earlier, former justice minister Shmuel Tamir, who has handled the negotiations about the prisoners and the missing soldiers, said there were fragments of information - some weak, some strong, and some contradictory. As far as Israel is concerned, the missing soldiers are alive until proven otherwise, he added.

Tamir recalled that the terrorists had not admitted they were holding Hezi Shai for many months. Ahmed Jibril's Popular Front for the Liberation of Palestine - General Command had hidden Shai, Tamir said, in the apparent hope of first extracting the maximum in return for Nissim Salem and Yosef Groff and then trying to wrest still more for Shai. They gave up after Jibril's nephew,

Ali Murad Bushnak fell into Israeli hands.

Jibril had tried to take advantage of Shai's solitary confinement. Tamir continued, telling him that the IDF and his parents did not know of his fate. "It happens that detainees get killed," Jibril reportedly told Shai, suggesting that unless Shai did as demanded of him, "this could happen to you."

Shai was captured in Sultan Ya'akub in Lebanon's eastern sector. His tank was hit and he tried to make it back to Israeli lines, but erred and was caught. According to Aluf Amos Yaron, head of the IDF's Manpower Branch, he was kept in a small room under an apartment in the Damascus area.

Salem and Groff were among eight soldiers captured near Bahamoun. Six were held by Fatah and were released last year. Salem and Groff were held in a lock-up in a military camp in the Damascus area, Yaron added.

Conditions were "relatively harsh," he said. Tamir said doctors had examined the three but have yet to submit their report.

Pensioners in the Nativ fund retire on \$350 a month

By MACABEE DEAN
Jerusalem Post Reporter

TEL AVIV. - The average monthly pension paid an insured after 35 years of work by Nativ - one of seven pension funds run by the Histadrut - is the equivalent of \$350 a month, according to Reuven Abel, general manager of the fund. He added that about half of the organization's 8,000 pensioners received this sum, or more each month. "In a few cases the monthly sum reaches \$800."

Some 90 companies are members of Nativ, largest being Koor, Solei Boneh and Haifa Port. The fund has a total of 36,500 members, of which 28,500 are still at work.

According to Abel, these 8,000 pensioners collected in 1984 some IS\$4.4 billion. He admitted that dealing in 1984 shekels distorted the picture, but that the important thing was that the annual pay-outs constituted only 68.4% of the fund's annual premium income. Or, if the matter was looked at from another

viewpoint, the IS\$4.4b. constituted only 4.4% of Nativ's total capital. This capital stood at about IS\$200b. at the end of 1984, a growth of 8.5% in real terms over the preceding year.

Although the law required that 92% of all income, from any source, be invested in government-approved index-linked bonds, Nativ had invested 95% in these bonds. It only had about half of one per cent invested in bank "arrangement" shares.

Nativ gave some 7,000 of its members loans ranging from IS\$100,000 to IS\$400,000 in 1984, sums which Abel admitted were "ridiculously small." However, members paid an annual interest rate of only 80%, which meant that most of the loan was a gift.

The administrative expenses of running Nativ were 1.8% of the fund's capital, or 2.9% of its annual premium income.

Academic centre for quality assurance

Jerusalem Post Reporter

The first academic programme in quality assurance and reliability engineering is being established at the Jerusalem College of Technology, in honour of college chancellor Dr. Yitzhak Nebenzahl.

The centre, to be announced officially at a dinner in the Knesset tomorrow night, will offer courses on an interdisciplinary basis to JCT students in all departments. The dinner, to be attended by Prime Minister Shimon Peres, will honour Nebenzahl, the former state comptroller, for his 50 years of public service in Israel.

Quality control is regarded as vital to the manufacturing process in today's industrial economy. Israel's successful manufacturers have be-

gun to copy the practice prevalent among companies like IBM abroad, to appoint senior officials to be responsible for quality throughout the company.

The college is already a key supplier of manpower to the country's science-based industries, with graduates in electro-optics, electronics and computer sciences.

Beit Hagefen May close

HAIFA. - The city's Beit Hagefen Jewish-Arab centre is facing closure for lack of funds, centre manager Zvi Yisrael warned yesterday.

Unless the government and the municipality increase their contributions, there will not be enough money to pay employees' salaries,

Soviet oil prices seen at \$26 for May

ROTTERDAM (Reuters). - The price of Soviet oil sold to Western European customers has effectively fallen to \$26 a barrel this month from \$28 in April, oil traders said this week.

Amid generally weak world oil prices, most buyers have abandoned contract lifting for the spot market, where Soviet crude oil has sold as low as \$25.80.

Moscow and Cairo agree to boost trade

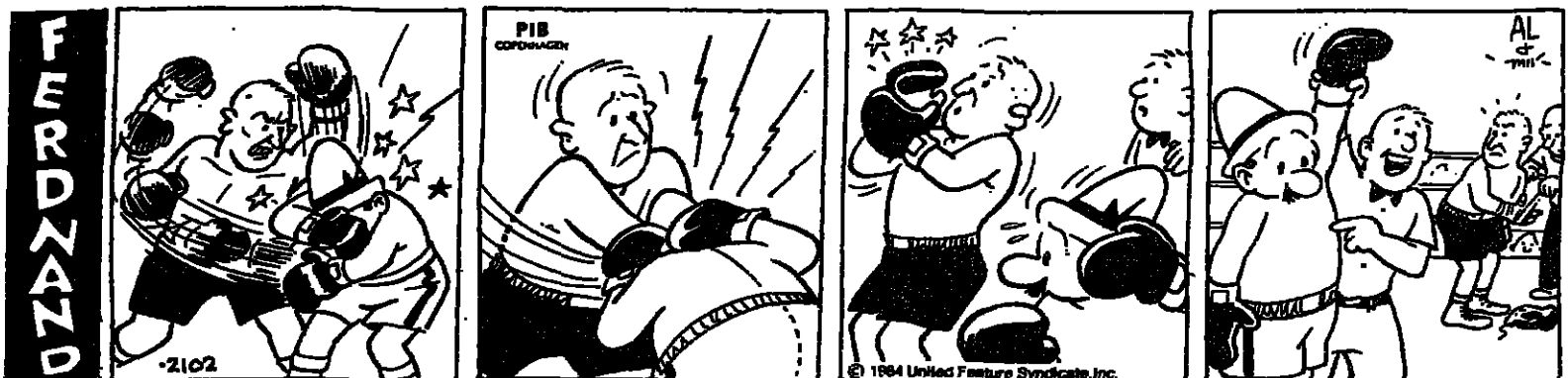
MOSCOW (Reuters). - The Soviet Union and Egypt who restored full diplomatic ties last July, have agreed to boost trade this year, the Tass news agency said.

The two countries signed an accord Monday providing for greater Soviet deliveries of machinery and equipment, coal and other raw materials.

Egypt will supply cotton, fabric, citrus fruit, oils and clothing, under

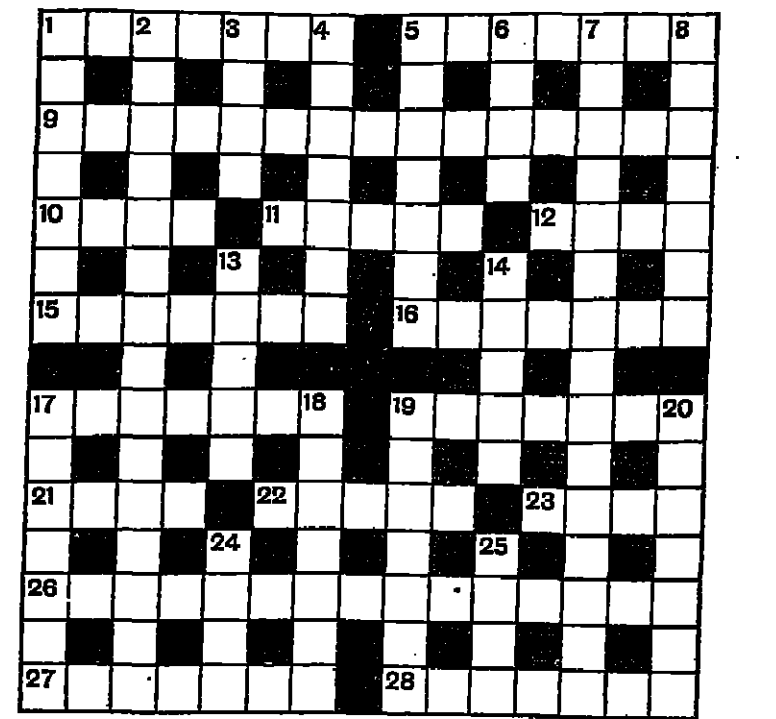
the deal. Trade between the two countries was roughly balanced last year. Soviet exports totalled \$324 million and imports from Egypt were about \$316 million.

Last July, Cairo and Moscow agreed to exchange ambassadors, marking a return to full diplomatic relations after a three-year rift begun when the late President Anwar Sadat expelled the Soviet envoy.



ONE-AND-ONE CROSSWORD

- | | |
|--|--|
| <p>ACROSS</p> <p>1 Difficult situation in which the Turkish bathier finds himself (3, 4)</p> <p>5 A pessimist is a useless fellow (2, 5)</p> <p>9 Young Barbara joined the football team (9, 6)</p> <p>10 Proprietorial claim reveals sour disposition (4)</p> <p>11 Greeting conveyed by infernal cipher (5)</p> <p>12 Rank wartime entertainer (4)</p> <p>15 They're muscular cricketers fellows but one man short (7)</p> <p>16 Distribute unemployment benefit when on strike (4, 5)</p> <p>17 Spotted fruit in divine setting (7)</p> <p>19 Boxed calcite and ruby (7)</p> <p>21 Indifferent response to two appeals (2-2)</p> <p>22 Badly cared for timber (5)</p> <p>23 A sound comeback from one with a narcissistic passion (4)</p> <p>26 Mating males' main attribute (6, 9)</p> <p>27 One who doesn't employ a neglected legal entitlement (5-4)</p> <p>28 It is beaten by a beaten army (7)</p> | <p>DOWN</p> <p>1 Release is but a beggarly gesture (7)</p> <p>2 Was it all the rage among the citizens of Babel? (8, 7)</p> <p>3 Ireland's inner vivacity (4)</p> <p>4 They make lace from rags (7)</p> <p>5 Want to be, guided or goaded? (7)</p> <p>6 Judge Jeffreys' favourite expletive? (4)</p> <p>7 Carry out suggestion to aspiring GP with money to invest (3, 4, 8)</p> <p>8 Modify plans for conscription of sappers (7)</p> <p>13 Monumental stupidity (5)</p> <p>14 Film a second-rate Shakespearean drama (5)</p> <p>17 Sid and I treated with contempt (7)</p> <p>18 Bore in the German visionary (7)</p> <p>19 Reel showing film celebrity swallowing egg-flop (7)</p> <p>20 A downtrodden person on the threshold (7)</p> <p>24 The bulk of graduates get a second (4)</p> <p>25 Fingered soft fabric (4)</p> |
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DUTY HOSPITALS Jerusalem: Bikur Holim (pediatrics), Hadassah E.K. (internal, obstetrics, ophthalmology, E.N.T.), Hadassah M.S. (surgery, orthopedics). Tel Aviv: Rikah (pediatrics, internal, surgery). Netanya: Laniado (obstetrics, internal, pediatrics, gynecology, surgery).	FLIGHTS 24-HOURS FLIGHT INFORMATION SERVICE Call 03-9712484 (multi-line) ARRIVALS ONLY (TAPED MESSAGE) 03-381111 (20 lines)

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DOWN 1 Coal bucket 2 Tasteless 3 Arrogant 4 Artist 5 Landscape 6 Meat 9 Explosive 14 Disbelieved in God 15 Sailing vessel 16 Frighten 18 Exhausted 20 Merchandise 21 Assembly of wretches	Yesterday's Solutions ACROSS: 1 Toffee, 4 Knows, 8 Lucid, 9 Antennae, 10 Insured, 11 Keel, 12 Art, 14 Bala, 15 Rage, 18 Orb, 21 Ease, 23 Replica, 25 Expatriate, 26 Udd, 27 Ladle, 28 Staged, DOWN: 1 Teller, 2 Fuchsia, 3 Eldorado, 4 Kite, 5 Ounce, 6 Sample, 7 Panda, 13 Trappist, 16 Gliding, 17 Repeal, 19 Bred, 20 Padded, 22 Sapid, 24 Sage.

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OTZAR HITYASHVUTH HAYEHUDIM B.M.

NOTICE IS HEREBY GIVEN that the Annual General Meeting, being the Thirtieth Ordinary General Meeting of the Company, will be held at the Registered Office, 26-28 Yehuda Halevy St., Tel Aviv, on Thursday 6th June, 1985, at 10:20 a.m., for the following purposes:

- To receive and consider the Accounts for the year ended 31st December, 1984 and the Reports of the Directors and the Auditors thereon;
- To elect Directors;
- To appoint Auditors and fix their remuneration;
- To transact any other business of the Company required to be dealt with at such meeting.

By Order of the Board,
A. SULLAM, Adv. Secretary

Tel Aviv, 22nd May 1985

Notes: A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to attend and vote in his place. Such proxy need not be a member of the Company.

BANK SHARES INQUIRY

Revealing remarks on last day of hearing

By PINHAS LANDAU
Post Finance Reporter

Yoram Aridor left the Bank Tefat building at 6 o'clock yesterday evening contentedly puffing his pipe. After almost two full days of testimony to the Bejski Commission investigating the bank share collapse of October 1983, he had achieved what many previous witnesses had failed to do — emerge with a defence intact, having survived a grilling by the five-member commission.

Aridor survived, but that had as much to do with the reluctance of the commission to hound him with intransigent questioning, as with his success in sticking to his defence. For, unlike on so many previous occasions over the last two months, the commission yesterday seemed to have decided that there was no need to mete out to Aridor a kind of treatment that it had meted out to Bank of Israel Governor Moshe Mandelbaum, his predecessor Amnon Gafny, or the heads of the bank and Hapoalim banks, Ernest and Giora Gazit.

Yesterday, the last day of the inquiry, was different in all other ways. The differences were apparent in the atmosphere and attitudes that prevailed, not in content and subject matter of the testimony. Thus, on the part of the commission there was — in the opinion of veteran audience members — intensification of the trend that had been apparent in the first two weeks of the week, to project fully-fledged conclusions on the issues they have been assigned to consider.

The result was that on numerous occasions the members spent time asking convoluted questions that were as much statements of their positions as attempts to clarify the testimony of Aridor. Some members, notably Professors Ze'ev Hirsch and Shalom Samir, digressed into long, rambling discussions with Aridor — Hirsch had done with former attorney director-general, Ezra — to throw light on matters they considered important.

In fact, it might be said that the rational and conceptual division in the commission's membership, between judges and academics, has become more and more noticeable. Hirsch and Ze'ev Hirsch are typical of the problems of economic theory and practice, both in

macro-economic and in capital market terms, that underpin the investigation.

In the middle is Prof. Daniel Freidman, whose legal sallies as a questioner are sometimes on a par with his judicial colleagues, but whose thrust is more in line with his fellow professors — what should be done now, more than what happened then.

Facing them was a calm and cool Yoram Aridor, whose confidence grew as the day wore on and the atmosphere became steadily more intimate. The commission tried to enlist his cooperation rather than adopt an adversary approach, particularly in the afternoon. But Aridor the politician never let his guard down, whether under attack as a witness or being appealed to as an adviser.

More than any other previous witness, perhaps, Aridor gave an object lesson in how to give clear, well thought out and reasoned answers to every kind of question. Rarely did he deliberately refuse to answer, and even his side-stepping was elegant. He stuck to his basic thesis, which had clearly been well-planned and rehearsed in advance; whenever in doubt or trouble, he just hunkered down and trotted out the same line — often word for word.

This thesis was that after he had learnt of the gravity of the problem posed by the regulation of the bank shares in September 1981 — nine months after taking office — he had endeavoured to enlist the banks' support in ending it. When this approach failed, he worked to lessen the impact of the regulation to weaken it in quantitative terms.

After the general crash of January 1983, in which the bank shares were shaken but did not fall, he achieved an agreement limiting the yield on bank shares to 1/2% monthly in real terms. When the selling pressures on the bank shares became intolerable, in October 1983, he stepped in with an emergency plan to save the banks, which grew into the "arrangement," signed later that month.

Throughout, his fear had been that any attempt to trigger the potential crisis would result in disaster, and that any attempt to impose a solution on the banks would cause a public confrontation between the Treasury and the banks which would itself serve to trigger the same disaster.

Above all, he lived in mortal dread of a run on the Israeli banks by

holders of foreign currency deposits in Israel and abroad. It was the report of an incipient run — withdrawals of \$30 million in one day — on October 6, 1983, that caused him to take immediate action, he said, although that action would have come anyway within a day or two, since the banks were bursting under the pressure of buying in their own shares in vast quantities.

That, in essence, was the Aridor line over the two days. Its "punchline," so to speak, was "even today, looking back, I don't see what other choice I had, what else I could have done, given the lack of cooperation of the banks and the threats hanging over me."

This was repeated in numerous formulations, time after time.

There were ample indications that the commission was not at all disposed to accept this story, whether in part or in part. On Monday they had already attacked it fiercely, and yesterday they were equally sceptical but, as noted, they showed less interest in finding flaws in the argument than in clarifying facts and issues that concerned them — probably those things they needed to complete the picture that each was forming in his own mind as to the overall story of the regulation.

Perhaps the most remarkable evidence of this dissatisfaction with the whole Treasury line came very late in the day, in the final hour of testimony.

Prof. Hirsch was trying to pin Aridor down to agreeing that his attitude meant, ultimately, that there was no solution to the regulation problem, given the restrictions he imposed on himself. Aridor tried to shift the blame on to the banks, whose role in the economy and whose strength were too much for him to overcome, he said.

Bejski: "After all this time, there is something I still don't understand. I accept what you say, that you didn't want to initiate a crisis — at least I understand that approach. But why didn't you act to reduce the intensity of the regulation? (This after Aridor had tried at length to prove that he had done just that — P.L.) Where in the whole world, other than in the Israeli bourse, is there a commodity that only goes up in price and never goes down (as the bank shares did)?"

Why couldn't you simply tell them this also has to go down?"

Aridor had an answer for this — the same basic thesis as ever, but the fact that such a question was raised, at that time and in that manner, speaks volumes about the commission's attitude to Aridor in particular and the whole regulation.

There was more of the same throughout the day, and not only from Bejski. But the conclusions of the commission need to be analyzed separately. Yesterday was rich in material even without this background. The highlight was, once again, provided by Judge Zylber in his early morning barrage against Aridor and the Treasury. After he had survived that, Aridor knew that the worst was over.

Zylber started by saying that obviously the Finance Minister could not be expected to have mastery of all the details of every matter under discussion. But he went on to challenge Aridor to prove that he had even the most basic facts and figures he needed in order to take decisions. Even the Bank of Israel, with its much greater research and data-gathering resources, did not have enough information, said Zylber, so how did the Treasury have what to go on?

Aridor had no convincing answer, so Zylber pressed home.

Zylber: "Why do you think that regulation was a bad thing?"

Aridor: "Intuitively. You push up something way beyond its real value and the ongoing pace of the rise makes it worse. I felt that this must end in a crash — unless something was done. That's why I tried to find a solution."

Zylber then made Aridor agree that any solution, including allowing the regulation to continue, represented a choice between competing evils, and the question was which was the lesser evil. Thus "in order to choose which is the least bad alternative, did you have all the facts before you?"

Aridor: "As soon as I grasped the wider picture I didn't need all the details."

Zylber: "What was the wider picture?"

Aridor: "That there is a problem that is steadily getting worse and that it must be dealt with."

Zylber scathingly dismissed the tautologous argument, having made his main point very clearly. Other features of the day were Aridor's furious rejection of the claims of some bankers, notably Leumi's Japhet, that he had promised them support — claims made months after the crash. "What Japhet said in 'real-time' and what he said after the event are two different things," said the former finance minister, quoting Japhet's letter to Mandelbaum dated September 19, 1983, as proof.

"If Japhet was so keen to stop the regulation, as he says, why did he not agree to do so on October 6, and only did so finally on the night of Saturday, October 8, after the arrangement had already been announced?"

As regards Hapoalim's Gazit, Aridor repeated Sadan's positive assessment that Gazit had showed a wider concern, beyond the interests of his own bank. The claims of Discount's Eli Cohen, that his bank could have continued to regulate its shares after October 6, were also dismissed by Aridor as ex-post facto, with no foundation at the time.

The last word went to Commission Chairman Justice Moshe Bejski. He noted that there was much more he wanted to ask Aridor, but hadn't managed to do. He then fired back a shot at the media, which, he said, had failed to grasp the difference between a commission of inquiry



Yoram Aridor (R. Yisraeli)

and a court of law, and had not realized that the commission members were forced "to represent both sides" of each issue, since attorneys were not present at the information-gathering hearings that had been held so far.

But now the commission's task is to formalize its positions and decide which witnesses it intends to warn, under the terms of section 15 of the relevant act, of possible damage to their name and standing. Then when these have prepared themselves, the lawyers will be able to sit back and listen.

Dollar seems out of fashion

MARKET COMMENT

By PINHAS LANDAU

TEL AVIV. — The stock market continued its erratic behaviour yesterday, with the share market rising, index-linked bonds stabilizing and dollar-linked securities plunging further.

At the end of last week the dollar was the big hit as a devaluation seemed round the corner. On Sunday those hopes or fears were dashed, and the worm turned. Now the dollar seems to be the last thing anyone wants to hold. The official representative rate of the dollar has barely risen for two days, after gaining 1.5% on Thursday and Friday, successively.

The black market dollar has also come down somewhat from the huge premium it reached over the weekend.

Worst hit of all are those investors' darlings of just the other day — the dollar-linked quasi-bonds in the "arrangement" sector. Yesterday this group shed another 1.31% on top of the loss of almost 3% the day before.

The yields in this group, touching 10% at the end of last week, are now back in the 13% area.

The "arrangement" group has taken 50-60% of the total turnover in the share market in recent days. Yesterday this dropped slightly to

IS2.35 billion, while bond volumes remained steady. Bond prices, as noted, were mixed in the main index-linked sectors, with short-dated issues actually gaining up to 3%.

In the dollar-linked groups, however, there were sharp falls for the second successive day — a mirror image of the events in the "arrangement" sector.

Quite different was the pattern in the share market. As on Monday, some 240 issues rose against one third of that number that fell. But the sectoral price swings were far less dramatic.

MARKET STATISTICS

Indices

General Share Index	185.83	-0.47%
Non-bank Index	189.20	+1.49%
Arrangement Index	183.92	-1.31%
Industrial Index	212.34	+1.48%

Turnovers

Shares	IS2,342.8m.	(IS,2690.4m.)
Bonds	IS3,581.8m.	(IS3,559.3m.)
Totals	IS5,924.6m.	(IS6,239.9m.)
Advances	241	83
Declines	83	71
of which 5% +	79	(64)
of which 5% -	19	(13)
"Buyers only"	10	(14)
"Sellers only"	0	(4)

Bond Market Trends:

4% fully-linked	Rises to 3%
3% fully-linked	Mixed to 3%
80% linked	Mixed to 4.5%
90% linked	Mixed to 1.5%
Double option	Falls to 1%
Dollar-linked	Falls to 5%

Tel Aviv Stock Exchange daily price quotations

Company	Price	% change	Company	Price	% change	Company	Price	% change	Company	Price	% change	
Commercial Banks (not part of "arrangement")												
OHK	10500	10 n.c.	Hotels, Tourism			Axis	11700	18 +5.4	Gal Ind 1	3170	44 -5.3	
Maritime	2300	88 +0.5	GalZohar 1	2650	n.c.	Angel	1330	30 +5.2	Gal Ind 5	1805	100 n.c.	
Maritime 5	748	412 +0.5	GalZohar 2	800	1 n.c.	Stemmen	540	46 +8.0	Dexter	2337	103 +5.3	
Gen non-ar	18000	24 +2.7	DanHotel 1	1635	22 +0.9				Ferril 0.1	4100	79 +0.5	
Gen non-ar 1	3604	41 -7.0	Desout 5	1244	100 +1.1	Textiles and Clothing			Ferril 0.2	1410	90 +2.0	
N. Amer. 5	1801	42 -	Coml Beach	1679	20 +1.1	Adgar	2130	64 +0.9	HaifaChem	2695	1346 +4.4	
N. Am. op. 1	3818	40 +11.1	Kenos	1326	-	Adgar op	1840	26 +1.7	Teva r	n.c.	no trading	
Danco 1	828	158 -	Yarden Hot	2029	289 -2.4	Ofis	540	149 -3.6	Teva op. 4	1700	71 n.c.	
Danco 2	282	242 +3.8	Yotam	1911	111 +0.5	Baruch 1	965	30 +1.6	Lipity op	1220	-	
Danco sec 2	639	50 -	Yotam 1	318	177 -1.2	Baruch 5	320	22 +0.2	Dead Sea r	1700	211 +0.4	
FirstSec 5	1600	2084 +2.8			Baruch 5	1395	445 +4.9	Petrochem	1399	169 +0.5		
FIBI	1560	1372 +0.6	Computers			Aleksa 1	n.c.	no trading	Maxima 5	2174	h.o.1 +3.0	
			Dan	1065	b.o.1 +5.0	Aleksa 1	n.c.	no trading	Maxima 5	390	182 n.c.	
			Dan 1	2901	38 n.c.	Etha op	604	102 +9.6	Maxima op	1640	45 +4.6	
			Hilop 5	n.c.	no trading	Etha op	100	11 +1.0	Nec Chem.	2500	38 -	
			Ya'ane	2017	7 +5.3	Arguman r	2440	-	+1.2	Sano 5	1650	30 +3.0
			Ya'ane op	1462	b.o.1 +7.6	Ata B.1	n.c.	no trading	Kedem 5	2740	41 -0.0	
			Cal Comp.	1521	43 +2.3	Ata B.1	n.c.	no trading	Kedem 5	250	6 n.c.	
			M.L.L. 1	4450	20 +2.0	Ata op	3180	3 -3.8	T.G.L. 1	600	47 +1.0	
			M.L.L. 5	1540	20 +2.0	Delta G.1	3010	253 +4.2	T.G.L. 1	430	75 +8.7	
			Mashov	835	130 -7.7	Delta G.3	2505	35 n.c.	Taya	3347	16 +1.4	
			Niluv 1	1664	39 -	U Spinners	439	230 +14.9	Frutacorn	1200	19 +4.0	
			Niluv 5	970	292 -0.3	U Spinners	157	81 +3.0	Two	1250	65 -0.2	
			Niluv op	n.c.	no trading	Spis op	83	242 -				
			Nikay op	n.c.	no trading	Vitalgo 1	n.c.	no trading				
			Nikay 1	4900	8 -3.9	Vitalgo 5	n.c.	no trading				
			Tean op	4680	-	Wardman	1240	-	Wood, Paper, Printing			
						Wardman	1134	50 -0.1	Dafon 1	1700	-	
						Zikh 1	616	95 n.c.	Dafon 5	550	19 n.c.	
						Zikh 5	330	100 +7.5	Dafon 1	1049	-	
									Haman op	905	-	
									Yach 1	1500	90 +3.5	
									Yach 5	1491	249 +10.0	
									Yach op	282	34C -7.5	
									Moilet	4037	-	
									Peri Mills	71000	-8.3	
									Scandia op	781	-	
									Scandia op	781	-	
									Rim 0.1 r	310	10 +6.9	
									Rim 0.4 r	1430	65 +5.0	
									Tal B. r	4920	24 +2.5	

THE JERUSALEM POST

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Preserving law and justice

THE RELEASE of 1,150 Palestinian terrorists, among them vicious and unregenerate killers, in exchange for the return of three IDF soldiers was not the only agonizing aspect of Monday's prisoner swap with Ahmed Jibril's Popular Front. Itself one of the most bloody-minded of all PLO factions. There was also the scary prospect that the hideously asymmetrical exchange would deny popular sanction to legal moves aimed at anti-Arab terrorism by Jews.

In strict logic, there is no connection between the government's ineluctable acceptance of Jibril's final extortionate demand, and the continued prosecution of the Jewish terrorist underground. But it was to be suspected that a large bulk of the people would consider it a perversion of natural justice for these Jews, however lawless their deeds, to languish in jail while hundreds of convicted Arab criminals were walking around free.

From the moment details of the prisoner exchange deal began to circulate it was thus assumed that, sooner or later, convicted underground members would be reprieved.

What could not be so widely expected was that a group of Herut ministers, led by the vice premier, Yitzhak Shamir, would brazenly seek to make political capital by seizing on the coincidence of the prisoner exchange deal and the underground trial to demand the immediate pardoning of the Jewish convicts and defendants. It seemed as though these ministers had supported the swap itself so that it might justify their demand for pardon.

Mr. Shamir denies that anything more than coincidence was involved. He has long prodded the prime minister into casting a benevolent eye on the accused. He thought them to be honest if errant patriots, who acted illegally but without malice, and who had repented their transgressions and would not repeat them. And who therefore merited prompt mercy.

The underground members' latter-day contrition is indeed a widely propagated myth. It certainly does not seem to have affected their conviction that where the government fails to keep the Arabs peaceful enough in a manner satisfactory to the settlers, its police functions should be exercised by the settlers themselves; and that the government is itself to blame for not securing Jewish rights, such as the right to the Temple Mount.

But even if the underground members were to make a public declaration of the error of their ways, this would not entitle them to exoneration, nor would it warrant government intervention in the legal process on their behalf — which is precisely what Mr. Shamir is reported to be seeking. Mr. Shamir would have them issue such a declaration, upon which those among them that have already been given their sentences, would be paroled, and the rest pardoned after their trials were sped up to conclusion by the attorney-general.

It is not clear whether Mr. Shamir would also lay down to the judges of the Jerusalem District Court what sentences, if any, they should mete out in the remaining underground cases. Perhaps he would, for his idea of the separation of powers seems more appropriate to a Syrian than a one-time Israeli premier who may serve in that post again soon. He must believe that the attorney-general can be told by the cabinet how to run his business, and that the president merely types out pardons dictated to him from above.

The premier, Shimon Peres, himself knows better. So does the justice minister, Moshe Nissim, himself a Likud leader. So, too, does the former premier, Menachem Begin, who disapproved, in an interview yesterday, of any linkage between the release of the Arab terrorists and the pardoning of the underground members.

When the legal process has run its course, it would be understandable and not surprising if pardons were indeed to be granted. However, they will not be granted at the cabinet's behest, but at the president's pleasure. And before they are granted it must be made abundantly clear that they are not meant to establish a new general norm.

The price of three Israeli soldiers' liberation has been painfully high. But it should not now be used as an excuse to rip up Israel's legal system.

Winners and losers

By DAVID KRIVINE

WE HAVE a problem to solve, and we are not solving it. The Knesset is going to pass a law reducing the amount of money that the government may print.

The government cannot find more funds to borrow, so this law will force it to cut expenditure. But it can't. It wants to; but the people of Israel won't let it, or will let it cut only a bit.

Two sectors of the population are making that point very clear right now — the schoolteachers, and nurses and other hospital staff. The government says it must either pay these groups less, or employ fewer of their members.

They agree to neither. They may yield something under hard bargaining, but only a little. The government will thus not save the money it intended to, and that will be a failure. And the teachers' representatives will see the government's failure as their success.

If the government is prevented from making its budget cuts in full, it won't be able to abide by the law setting limits to the amount of money it can print. So who is the winner? The schoolteachers say they are. And who are the losers? Those same schoolteachers, alas.

HOW COME they don't realize that? Because they think they are schoolteachers, and nothing else. They have forgotten that they are also ordinary citizens. In reality, they belong to two interest-groups — yet behave as if they belong to only one.

The result is positively schizophrenic. In opposing the government's economic recovery programme, they are opposing their own economic recovery. We have truly reached the situation described by Poo-Ba in The Mikado, where "every judge is his own executioner."

The teachers' solipsist illusion (shared by other interest-groups) lies at the root of Israel's economic crisis. It leads to appalling contradictions. Everybody deplors the crisis, but everybody deplores any steps the authorities take to solve it.

We are moving towards disaster like lemmings. Shoshana Bayer, loquacious head of the High School Teachers' Union, has called on the strike weapon to defend the benefits embodied in the Etzion report.

What will that avail her if, as a

consequence of her efforts and those of her counterparts in other unions, the country runs out of foreign currency, the economy seizes up, mass unemployment spreads and the government becomes unable to pay the teachers any wage at all? (Many local authorities have been faced with that very deadlock during the last two years.)

ONE COULD say that trade unions are trade unions and cannot behave otherwise. That isn't necessarily so. They don't have to become puppets of the government. Their true function should be to keep a foot in both camps and reconcile the two roles in their members' lives: their role as professionals and their role as citizens.

What they should be saying to the ministers is: "We respect the cabinet's decision to cut the education budget by \$144.4m., because that is in the national interest. Now let's put our heads together and work out how it can be done efficiently and with the least harm to our members."

Instead, they talk of "threats to the education system." What threats? Under the government's plan, 60 per cent of the savings is to be made by imposing school fees and raising university tuition costs. The rest will be achieved by a moderate increase in the teachers' work load.

High school staff enjoy a 24-hour week, including two non-teaching hours, during which they are supposed to act as guides and counselors. (This is a new reform, recommended by the Etzioni commission.) Says the Treasury: let them continue to work a 24-hour week, but with only one non-teaching hour. Primary school teachers have a 30-hour week; they too would teach one hour more and give an hour less counselling.

That would eliminate 3,500 teaching posts. A relatively painless way of doing this would be to freeze new teacher intake for one year. This would be hard on youngsters completing their teacher training; but better that they should look for other employment if only temporarily, than that employed teachers be made redundant.

A number of teachers in jobs — it must be said — may have to make the sacrifice of changing classes, or even schools. But they can console themselves with the reflection that, after

all, Israel's physical survival is at stake.

And here is a further consolation: "If all the measures are carried out," Treasury budget-man Avraham Sna-piri points out, "the teachers won't need to sacrifice their much-disputed 6 per cent wage rise this year." What more need be said?

THE PUBLIC is hearing vociferous complaints from the country's nurses and other hospital staff. They claim they cannot cope, that they are over-worked and under-staffed and lack drugs and other supplies.

The government proposes to reduce its health expenditure by \$85m., and here again the proposed cut in the service is moderate.

Most of the shortfall (\$60m.) will be made good by charges clapped on the patients. The monthly fee paid by members of Kupat Holim should be increased, the Treasury suggests, by making the scale more progressive (and thus hitting the bigger salary-earners).

Moreover, they say, a fee of \$2 per visit to the doctor should be imposed. Children, old people and the chronically ill would be exempt. Out of \$50m. consultations yearly only \$10m. would be chargeable, leaving \$25m. to be saved through economies on the medical side.

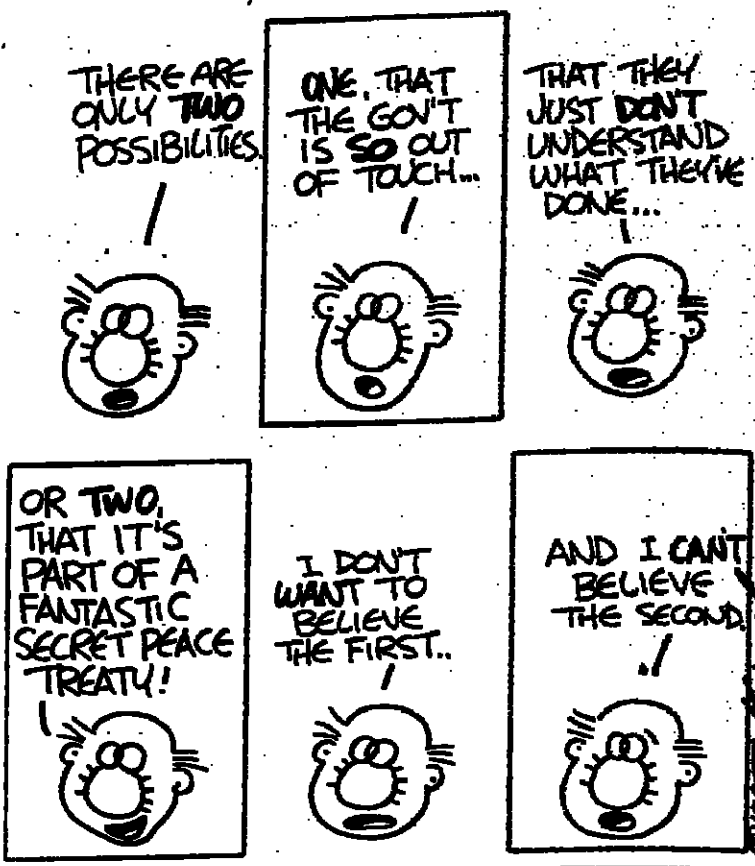
Government health expenditure increased between 1970 and 1980 by 8.9 per cent per annum in real terms, which means that outlays doubled in those 10 years. Were the personnel overworked and under-staffed in 1970? Did they lack medicines then, and was everything in short supply?

Since 1980, outlays have remained unchanged, with no ups or downs, which means a small drop per capita as the population continues to rise. The proposed cut this year (1985) amounts to another 4 per cent, or 6 per cent per capita (\$25m. out of a \$600m. budget).

If there is a genuine desire on the part of all concerned to make that saving, it should not be beyond their capacities to devise ways of doing it economically and with minimum disturbance. There is plenty of fat in the system.

IT IS POSSIBLE to save on equipment by using it more intensively. We are prone to extravagance. Last year, Israel's hospitals possessed 11 super-modern CAT-scanners,

Dry Bones



According to the Treasury, all the hospitals in France, a country with 10 times Israel's population, owned only four CAT-scanners last year between them. This year, 16 CAT-scanners are operating in Israel.

Not only are the hospitals over-equipped, with a great deal of expensive material lying around unused for 18 hours a day, the hospitals themselves are in over-supply. Bikur Holim in Jerusalem could be closed, for one, with no harm done. The patients could be shifted to Shaarei Tzedek, which has plenty of vacant space.

But such radical remedies are anathema to the unions, which prefer to let the stock of medicines run out and then raise a hue and cry about that.

It is, of course, a hard thing to liquidate a hospital like Bikur Holim with all its staff. Some would find work in the expanded Shaarei Tzedek hospital, (nurses, in particular, are at a premium), while others would have to seek employment in other sectors of the economy.

The ordeal cannot be avoided altogether — nor should it be. Surplus personnel cannot be maintained in redundant tasks at the nation's expense for ever. There is no such thing in any country as eternally fixed places of employment.

Israel's sensitivity over job changes verges on the eccentric. Which other country would set up a special cabinet committee to deal with the insolvency of one middle sized textile company (Ata)?

Job security cannot be absolute. Some enterprises grow, other shrink; some government departments expand, others contract. Labour mobility is considered a virtue worldwide. The unimpeded flow of workers out of declining industries and into boom industries is considered a sign of dynamic vitality.

It is different when the flow is outwards only — when places of employment are all shedding workers and none recruiting them. That kind of tragic impasse is what the government's economy measures are designed to avoid. The Histadrut's newly re-elected secretary-general Israel Kessar, has laid down an ultimatum: no unemployment.

If he means no chronic unemployment, he is quite right. But if he means no dismissals — even within the modest limits laid down in the government's economy plan — then chronic unemployment is exactly what we shall be faced with before this decade is out.

The writer is a member of The Jerusalem Post editorial staff.

Wheeling and dealing

By MACABEE DEAN

financial field, and the banks have their fingers in it, often their hands up to their elbows. We simply start a rumour of a major devaluation of the shekel. There is a huge rush out of index-linked bonds and short-term deposits into Patam. And there is an even bigger rush into the black market, so the dollar soars to 30-35 per cent above the official rate.

"The government goes out and sells dollars on the black market; then we get an economic minister to swear on a Bible that there will be no devaluation. We reinforce this by having some university professor of economics (he can't make a living, but at least he knows why) point out that any devaluation will only cause the inflation bubble to swell even closer to bursting, and so on. Then there is a mad rush out of Patam and the black market into anything else.

The government buys back cheap dollars it sold, and the shekels flow back into the banks."

Abie Jobnik noted with considerable satisfaction that "three or four good devaluation scares a year can earn the banks a lot of commissions and a lot of profits — and believe you me, it is much easier to tax one bank — despite all its creative bookkeeping — than a hundred thousand Israelis

who don't know how to keep books. The government can also make 60 per cent in real terms on the black market turnovers. To coin a phrase, devaluation scares are a big business."

Abie went on: "But we do have a problem with using ministers to spread stories about devaluations. It's not like the travel tax business, which is purely a local Israeli affair. Anyway, cabinet ministers can easily be fooled with the travel tax. They all go abroad without paying it, so they don't follow the situation closely. The travel tax is for the common people. But a real devaluation rumour can reach Washington, and George Schultz can be on the phone within minutes. After all, he's got \$1.5 billion in his purse for Israel."

So the media are used, says Abie, for disinformation dissemination in the devaluation scares. "We call up a reporter and deny non-existent reports about a devaluation. The reporter would never let on that he doesn't know about the rumour, so he swallows the bait and begins to check with the economic ministers. The more they deny the rumour, the more he believes it is true. So he rushes into print, and the rest of the journalists follow."

"YOU KNOW, Abie, you got a nice soft job."

"Soft? Never. I have a lot of late evenings since I have to be on hand after all those late cabinet meetings, and I am also on duty when the lights burn late in the Finance Ministry. If I

slip up on these days, I'll be set down to the Finance Ministry's ma room to sort letters. My deputy has easy. He handles rumours about devaluations for over the weekend consumption, for the end of the month and the close of the calendar and fiscal years."

"Abie, the truth. Do you think you are playing fair and square with the public?"

"Well, it's all for a good cause. As what's good for the government is good for the voters. Anyway, the people like this type of Roman circus. It provides them with small talk. It gives them a chance to complain and blow off steam. It even makes them feel like intellectuals. You know the syndrome: If I was the finance minister, I would do 'X' or 'Y' or 'Z'."

"But one of these days the public is going to catch on to these devaluation scares."

"We've thought of that. We've got a de-linkage gimmick up our sleeve as a contingency plan. Just try to visualize what a de-linkage rumour will do to the economy. The shekel will gallop through the financial channels like a horse running amok leaving commissions all along the way."

"But Abie, what would happen if the government double-crosses you and actually does have a major devaluation or a de-linkage?"

"Well, my credibility with the media will soar, but my ministry will be so embarrassed about a real leak that the higher ups will probably shoo me off to Hawaii to be consul general or something."

The writer is a member of the editorial staff of The Jerusalem Post.

POSTSCRIPTS

P.S. THE Iranian Embassy in Islamabad has announced a painting and writing contest for Pakistani children, with the theme that Israel must be destroyed. "Israel must be erased from the earth," proclaimed a large front-page advertisement placed by the embassy in The Muslim, a national newspaper. The quotation was attributed to Ayatollah Khomeini.

Pakistani children between the ages of 7 and 15 were invited to draw or write an essay or poem on Palestine as the "victim of the Zionist war."

Prizes would be awarded to the top 20 entries selected and the best of the work "will be compiled into a beautiful book," the ad said.

Children were directed to send their entries to the office of the cultural councillor at the Iranian Embassy in Islamabad.

P.S. A SAN FRANCISCO judge has rejected more than a half dozen other claims and awarded the U.S. government \$6 million abandoned in a rental car at San Francisco Airport.

The treasure — in cash, gold coins and bars of platinum — was discovered last October.

The vehicle had been rented to a man using a false Florida driver's licence. He never came forward to claim the booty, but many others did, including the state of California, the car-rental agency and several of its employees.

A suitcase in the car contained some residue of cocaine.

Judge Samuel Conti heard all the claims, then ruled that the millions were probably connected to an illegal drug deal and should be forfeited to the federal government.

READERS' LETTERS

THE TRAVEL TAX

To the Editor of The Jerusalem Post: Sir, — I am an ordinary Israeli like many others, not born here, not too strongly motivated politically, who came here voluntarily 37 years ago to help build up the country.

I fully realise that strong measures are vital in the present situation to put us back again on a firm basis. Therefore, many of us reluctantly accepted the imposition of the \$150 travel tax plus the 20 per cent tax on travel tickets and the 15 per cent levy on the foreign currency allocation.

Now, we learn that travel tax is to be doubled and maybe trebled. Of course, travel abroad for holidays should be restricted since it means dipping into the country's foreign currency purse. But our leaders seem to have forgotten that Israel is composed of tens of thousands of immigrants who have come here from a free world for ideological reasons, leaving behind them close family. Naturally, reunions are necessary from time to time, particularly in times of stress.

With the present high travel tax, it has become almost impossible for us to visit our loved ones in the home country and for our children who are abroad to visit us, since they too have to pay the travel tax when they leave.

Old and new settlers are being faced with the grave decision of leaving the country and many are doing just that. As a result, Israel is losing its children forever and dis-

couraging new immigrants who are getting fewer all the time, despite all the costly emissaries sent to places like Hawaii. How much will actually be saved by increasing the travel taxes, since a large percentage of travellers, such as business people, government officials and others do not pay it out of their own pockets. We are at the crossroads: we must regain confidence in our leaders, most of whom have failed to do what is essential — show an example. Let our leaders give up their pensions at 40 after one term of office: let them give up their free health services for themselves and their families, let them drive old cars instead of demanding the latest models; and let them cut down on the ridiculous number of ministers, deputy ministers and others.

Rather than impose heavy travel taxes, let the people earn money and not expect the government to provide free goodies, such as university education and the like.

To date, more than 300,000 have left. With little or no new immigration, we shall be left a country of poor senior citizens. Let us stop the rot before it gets further out of control, but let us do it sensibly, not by imposing hardships on small defenceless groups. If we do not overcome now, we shall not only be bankrupt financially, but also physically and morally.

BARUCH SAVILLE
Tel Aviv.

F.Z.Y. ANNIVERSARY

To the Editor of The Jerusalem Post: Sir, — The Federation of Zionist Youth in Israel is celebrating 75 years of Zionist activity in the United Kingdom and in this country by holding a reunion and dinner on Thursday, June 13.

The function will take place in Kfar Saba and will be held in the presence of President Chaim Herzog, one of F.Z.Y.'s illustrious past members.

We would like all past members of F.Z.Y. now living in Israel to join with us on this festive occasion. For further details, please contact any of the following persons: Ron Sivan, at 04-727921 (in the evening); Ian Banks, at 03-954440 (in the evening); or Paul Lengua, at 02-228161 (in the daytime).

PAUL LENGUA
Jerusalem.

A SOLUTION TO YERIDA

To the Editor of The Jerusalem Post: Sir, — The government is coming very close to solving the problem of yerida. It simply has to keep increasing the travel tax to the point where nobody can afford to get out.

N.I. MENDELSON
Haifa.

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